# Report

OF THE

# Bombay Chamber of Commerce

## FOR THE YEAR 1947

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*(Established 22nd September 1836)*

*(Incorporated 18th June 1924)*

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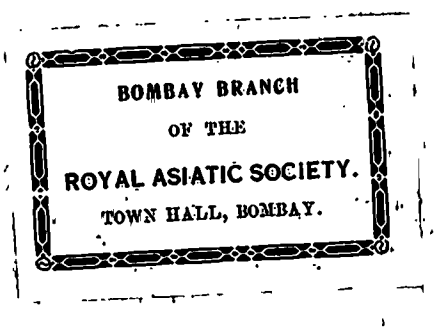


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OF THE

# COMMITTEE

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# Bombay Chamber of Commerce

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## FOR THE YEAR 1947

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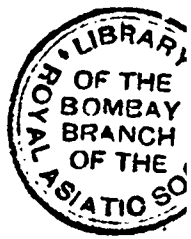


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**Presented to the Annual General Meeting held on 29th March 1948.**

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| *Federation of Chambers of Commerce of the British Empire* .. .. .. | SIR GEOFFREY WINTERBOTHAM. |
| *I.M.M.T.S. "Dufferin"* .. .. | A. D. FINNEY, ESQ. |
| *Local Railway Advisory Committee—*<br>*G. I. P. Railway* .. .. ..<br>*B. B. & C. I. Railway* .. .. | C. W. WARRINGTON, ESQ. |
| *Railway Rates Advisory Committee* .. | C. J. DAMALA, ESQ. |
| ,, ,, ,, ,, .. | A. P. DARLOW, ESQ. |
| ,, ,, ,, ,, .. | L. A. HALSALL, ESQ., O.B.E. |
| ,, ,, ,, ,, .. | A. L. HUTSON, ESQ. |
| *Bombay Board of Communications* .. | W. R. WOOD, ESQ. |
| *Bombay Provincial Transport Authority* .. | W. W. RUSSELL, ESQ. |
| *Cotton Piecegoods and Yarn Advisory Committee* .. .. .. .. | C. J. DAMALA, ESQ. |
| *Indian Central Coconut Committee* .. | A. N. GILES, ESQ. |
| *Imported Piecegoods, Fixation of Prices Committee* .. .. .. .. | A. SOTIRIADI, ESQ. |
| *Provincial Industries Committee (Bombay) and Miscellaneous Industries Sub-Committee* .. .. .. .. | L. A. HALSALL, ESQ., O.B.E. |
| *Bombay Port Pilferage Committee* .. | C. W. WARRINGTON, ESQ. |
| *Bombay City and Suburbs Post-war Development Committee* .. .. | A. W. PERCY, ESQ., O.B.E. |
| *Bombay Joint Town Planning Committee.* | E. WILKINSON, ESQ. |
| *Regional Employment Advisory Committee* | J. CHARANJIVA, ESQ. |

## CHAIRMEN, PRESIDENTS AND SECRETARIES OF THE BOMBAY CHAMBER OF COMMERCE.

*Chairmen.*

| | |
|---|---|
| J. Skinner | 1836–37 |
| M. T. Brownrigg | 1837–38 |
| H. G. Gordon | 1838–39 |
| J. Skinner | 1839–40 |
| T. R. Richmond | 1840–41 |
| C. B. Skinner | 1841–42 |
| S. D. Murray | 1842–43 |
| J. Wright<br>E. Lyon | 1843–44 |
| T. Cardwell | 1844–45 |
| J. Smith | 1845–46 |
| W. Graham | 1846–47 |
| John Parsons | 1847–48 |
| A. G. Latham | 1848–49 |
| Robert Strong | 1849–50 |
| W. S. Grey | 1850–51 |
| John Parsons | 1851–52 |
| A. H. Campbell | 1852–53 |
| H. B. Gilmour | 1853–54 |
| James Graham | 1854–55 |
| W. F. Hunter | 1855–56 |
| A. T. Binny<br>H. B. Gilmour | 1856–57 |
| John Fleming | 1857–58 |
| Robert Ryrie | 1858–59 |
| H. D. Cartwright<br>Henry Scott | 1859–60 |
| Andrew Grant<br>George Hamilton<br>George Lord | 1860–61 |
| James N. Fleming<br>Michael H. Scott | 1861–62 |
| Robert Hannay<br>Alexander Brown | 1862–63 |
| Andrew Grant | 1863–64 |
| A. C. Gumpert<br>Alexander Stewart | 1864–65 |
| A. J. Hunter | 1865–66 |
| W. Christian<br>A. J. Hunter<br>Alexander Brown | 1866–67 |
| J. Foggo | 1867–68 |
| Hamilton Maxwell | 1868–69 |
| H. E. Astley<br>D. Graham | 1869–70 |
| A. D. Grant | 1870–71 |
| W. G. Hall | 1871–72 |
| J. K. Bythell | 1872–73 |
| H. E. Bright<br>E. Lord | 1873–74 |
| D. Watson | 1874–75 |
| J. A. Forbes | 1875–76 |
| G. F. Henry<br>Donald Graham | 1876–77 |
| Walter Land | 1877–78 |
| M. Mowat | 1878–79 |
| C. Macdonald | 1879–80 |
| J. N. Graham | 1880–81 |
| E. Comber<br>W. M. Macaulay | 1881–82 |
| James Thorburn | 1882–83 |
| Sir F. Forbes Adam, C.I.E. | 1883–84, 1884–85, 1886, 1887, 1888, 1889 |
| A. F. Beaufort | *1890 |
| L. R. W. Forrest | *1890, 1891, 1892 |
| J. L. Symons | *1892 |
| R. S. Campbell | *1893 |
| W. R. Macdonell | *1893, 1894, 1895 |
| A. F. Beaufort | 1896 |
| A. Abercrombie | 1897 |
| R. H. Macaulay | 1898 |
| A. Abercrombie | 1899 |
| William Greaves | 1900, 1901, *1902 |
| J. M. Dick | *1902, 1903 |
| C. H. Armstrong | 1904, 1905 |
| H. E. E. Procter | 1906 |
| C. H. Armstrong | 1907 |
| Sir Henry Procter | 1908 |
| C. H. Armstrong | 1909 |
| R. G. Monteath | 1910 |
| Sir Chas. Armstrong | 1911, 1912, 1913 |
| Marshall F. Reid, C.I.E. | 1914 |
| T. W. Birkett | 1915 |
| J. S. Wardlaw Milne | 1916 |
| Malcolm N. Hogg | 1917, 1918 |
| Nigel F. Paton | 1919 |
| A. H. Froom | 1920 |
| H. P. W. Macnaghten | 1921 |
| Sir Frank Nelson | 1922, 1923 |

*Part year.

*Presidents.*

| | | | |
|---|---|---|---|
| L. S. Hudson | 1924 | Sir John Abercrombie, M.C. | 1935 |
| V. A. Grantham | 1925 | L. A. Halsall | 1936 |
| Sir Joseph Kay | 1926 | G. H. Cooke | 1937 |
| Sir Leslie Hudson | 1927 | A. McIntosh | 1938 |
| Sir Hugh Cocke | 1928 | A. K. G. Hogg | 1939 |
| G. L. Winterbotham | 1929 | C. P. Bramble | 1940 |
| J. R. Abercrombie, M.C. | 1930 | J. M. B. Gibbons | 1941, 1942 |
| E. Miller | 1931 | L. A. Halsall | 1943 |
| R. R. Haddow | *1932 | A. L. Hutson | *1944 |
| Sir Hugh Cocke | *1932 | C. P. Bramble | *1944, 1945 |
| W. G. Lely | 1933 | A. W. Percy | 1946 |
| G. L. Winterbotham | 1934 | A. L. Hutson | 1947 |

*Secretaries.*

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|---|---|---|---|
| R. X. Murphy | 1836–38 | David Watson (Acting) | 1881–82 |
| J. E. Brenan | 1838 | John Marshall | 1884–98 |
| R. X. Murphy | 1838–41 | Frederick Noel Paton | 1898–1905 |
| T. J. A. Scott | 1841–46 | J. B. Leslie-Rogers | 1905–1911 |
| John Connon | 1846–57 | R. E. Gregor-Pearse | 1912–1920 |
| John Mawson | 1857–59 | C. B. Sayer | 1921–1925 |
| J. A. Crowe (Acting) | 1858–59 | R. J. F. Sulivan | 1925–1937 |
| H. Brooke | 1859–64 | C. H. Courthope-Munroe | 1937–1946 |
| James Taylor | 1864–73 | L. A. Boult (Appointed) | 1946 |
| John Gordon | 1873–84 | | |

* Part year.

ROYAL LIBRARY OF THE BOMBAY BRANCH OF THE ASIATIC SOCIETY

# Bombay Chamber of Commerce

## ANNUAL GENERAL MEETING

THE Annual General Meeting of the Members of the Bombay Chamber of Commerce was held in the rooms of the Chamber, Mackinnon Mackenzie & Company's Building, Ballard Estate, on Monday, 29th March 1948, at 11-30 a.m., to transact the following business :—

1. To adopt the Report of the Committee of the Chamber for the year 1947.
2. To elect eight ordinary members of the Committee of the Chamber for the year 1948-49 in accordance with the provisions of Article 41.
3. To appoint Auditors of the Chamber's Accounts for the year 1948, and to fix their remuneration.

MR. A. L. HUTSON, President of the Chamber, presided and was supported by Messrs. C. R. Agar, F. S. Binnie, R. W. Bullock, C. J. Damala, A. D. Finney, H. C. MacColl, H. C. de Mierre, V. F. Noel Paton, A. W. Percy, O.B.E., and G. M. Bathgate, O.B.E., members of the Committee.

Among those present were :—

His Excellency Raja Sir Maharaj Singh, C.I.E., Governor of Bombay ; Mr. L. M. Nadkarni, I.C.S., Secretary to H. E. the Governor ; Mr. Kunwar Ranvirsinghji ; Mr. K. G. Jacob, I.C.S., Collector of Customs, Bombay ; Mr. K. T. Harrison, Shipping Attache to the High Commissioner for the United Kingdom ; Mr. J. H. O'Hagan, U.K. Trade Commissioner at Bombay ; Mr. S. B. Schubart, Australian Government Trade Commissioner, Bombay ; Mr. J. C. Adams, New Zealand Trade Commissioner ; Mr. R. Gasser, Swiss Trade Commissioner for India, Burma and Ceylon ; the Principal Officer and Registrar of Shipping, Mercantile Marine Department, Bombay District ; Major Deane, the Mint Master, Bombay ; Mr. V. S. Bhide, I.C.S., Chairman, Bombay Port Trust ; the Captain Superintendent, I.M.M.T.S. " Dufferin," Bombay ; Mr. C. B. Cochaine, M.L.A., The Hon. Secretary, European Association (Bombay Branch) ; The President, Bombay Piecegoods Native Merchants' Association ; Mr. R. C. Vint, the Deputy Conservator, Bombay Port Trust ; Capt. H. W. L. T. Davies, the Harbour Master, Bombay Port Trust ; the Consul-General for Egypt ; the Consul-General for Portugal and Mr. Plowden Roberts, Chairman, East India Section, London Chamber of Commerce.

The following members of the Chamber attended the meeting: —

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| Mr. Edward Atkinson | Allen & Hanburys Ltd. |
| ,, A. R. Leyden | Allied Photographics Ltd. |
| ,, J. B. Kemp | Allied Publishers and Stationery Manufacturers Ltd. |
| ,, W. M. Martin, O.B.E. | Aluminium Hindustan Ltd. |
| ,, Peter Ralph | Aluminium Hindustan Ltd. |
| ,, H. Hindermann | Amalgamated Chemicals and Dyestuffs Co., Ltd. |
| ,, M. H. Sinclair | Anglo-Iranian Oil Co. (India) Ltd. |
| ,, G. A. D. Porter | Anglo-Thai Corporation Ltd. |
| ,, E. D. Atkins | Anglo-Thai Corporation Ltd. |
| ,, H. V. Pointon | Asea Electric Ltd. |
| ,, H. L. T. Aspden | Aspdens Ltd. |
| ,, Abdul Rehman Bassam | A. R. Bassam & Bros. |
| ,, M. A. Katrak | G. Atherton & Co., Ltd. |
| ,, A. St. John Shuttleworth | Association of British Chemical Manufacturers. |
| ,, W. H. Jackson | Blackie & Sons (India), Ltd. |
| ,, J. B. McMillan | Burjois (Eastern), Ltd. |
| Sir Joseph Kay | W. H. Brady & Co., Ltd. |
| Mr. J. Symon | W. H. Brady & Co., Ltd. |
| ,, R. Brunt | Burmah-Shell Oil Storage and Distributing Co. of India, Ltd. |
| ,, W. J. Burrows | W. J. Burrows. |
| ,, T. Byramji | T. Byramji & Co. |
| ,, R. C. Merchant | Central Trading Co. |
| ,, Himatlal T. Muni | Chaturbhuj Bhaichandbhai & Co. |
| ,, K. C. Boomla | H. S. Cox & Co. |
| ,, C. W. Warrington | Cox & Kings (Agents) Ltd. |
| ,, S. Kunwar | Daulatram Rawatmull. |
| ,, C. P. Bramble, C.I.E., M.L.A. | Drennan & Co. |
| ,, I. Gothe | The East Asiatic Co. (India), Ltd. |
| ,, K. Ramdas | Eastern Chemical Co. (India), Ltd. |
| ,, C. C. Longstaff | Elephant Oil Mills Ltd. |
| ,, E. Lewis | English Electric Co., Ltd. |
| ,, M. A. Fazalbhoy | Fazalbhoy Ltd. |
| ,, Y. A. Fazalbhoy | Fazalbhoy Ltd. |
| ,, F. A. Cole | A. F. Ferguson & Co. |
| ,, C. F. Morris, O.B.E. | James Finlay & Co., Ltd. |
| ,, C. Hooley | Fleming Shaw & Co. |
| ,, J. C. Lancashire | Forbes Forbes Campbell & Co. |
| ,, J. Smailes | Ford Rhodes & Parks |
| ,, E. L. C. Gwilt | H. J. Foster & Co., Ltd. |
| ,, G. Gardner Lewis | H. J. Foster & Co., Ltd. |

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| Mr. T. G. May .. .. | General Electric Co. (India) Ltd. |
| ,, C. E. Penn .. .. | |
| ,, J. L. Dickie .. .. | Gillanders Arbuthnot & Co. |
| ,, J. G. Calderwood .. | Glenfield & Kennedy Ltd. |
| ,, A. F. MacMillan .. | |
| ,, N. S. Macintosh .. | George Wills & Sons (India), Ltd. |
| ,, H. A. Henry .. .. | Grahams Trading Co. (India), Ltd. |
| ,, J. Blezard .. .. | Greaves Cotton & Co., Ltd. |
| ,, A. Simpson .. .. | Grindlays Bank Ltd. |
| ,, J. F. Heatly .. .. | Guest Keen Williams Ltd. |
| ,, B. G. P. Spinks .. | Heatly & Gresham Ltd. |
| ,, J. R. G. Bleasby .. | |
| ,, H. G. Sale .. .. | W. T. Henley's Telegraph Works Co., Ltd. |
| ,, F. Moore .. .. | |
| ,, A. H. Boswell .. .. | Hill Elliott & Co., Ltd. |
| ,, Francis Leslie Puckridge. | Hoare Miller & Co., Ltd. |
| Sir Bernard Pratt .. .. | Imperial Chemical Industries (India) Ltd. |
| Mr. T. Fletcher .. .. | |
| ,, D. R. Khaitan .. .. | Khaitan Trading Corporation. |
| ,, H. F. Milne .. .. | Killick Industries Ltd. |
| ,, D. Stewart Brown .. | Killick Nixon & Co., Ltd. |
| ,, O. L. Prideaux .. .. | |
| ,, Tulsidas Khimji .. | Tulsidas Khimji. |
| ,, C. E. Noble .. .. | Kodak Limited. |
| ,, W. G. Osmond .. .. | |
| ,, A. Lesser .. .. | Lever Bros. (India) Ltd. |
| ,, A. J. C. Hoskyns Abrahall .. .. | |
| ,, G. D. Sthalekar .. | Longmans Green & Co., Ltd. |
| ,, Manilal H. Patel .. | Manilal Patel & Co. |
| ,, G. E. Griffin .. .. | Marshall, Sons & Co. (India), Ltd. |
| ,, P. K. Asly .. .. | Martin & Co. |
| ,, R. W. Westbrook .. | Metal Box Co. of India, Ltd. |
| Capt. E. W. Stevens .. | Metcalfe & Hodgkinson. |
| Mr. U. B. Pai .. .. | Nestle's Products (India) Ltd. |
| ,, H. K. Tutton .. .. | Ormerods (India) Ltd. |
| ,, G. N. Tod, O.B.E. .. | Parry & Co., Ltd. |
| ,, G. Wilkinson .. .. | Pilkington Brothers Ltd. |
| ,, A. Sotiriadi .. .. | Ralli Brothers Ltd. |
| ,, H. Sommer .. .. | Sapt. Textile Products (India), Ltd. |
| ,, W. B. Bryden .. .. | E. D. Sassoon & Co., Ltd. |
| ,, C. A. Cunliffe .. .. | Shaw Wallace & Co. |
| ,, G. R. B. Owen .. .. | Sizing Materials Co., Ltd. |
| ,, C. A. Osborn .. .. | Standard-Vacuum Oil Co. |
| ,, R. T. Burton .. .. | |
| ,, R. O. Barr .. .. | |

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| Mr. L. R. Bury | J. Stone & Co. (India), Ltd. |
| ,, J. W. Humphries | L. A. Stronach & Co. (India.) Ltd. |
| ,, W. L. A. Radcliffe | Turner Morrison & Co., Ltd. |
| ,, C. O. Fountain | |
| ,, A. W. C. Brown | |
| ,, R. S. Brown | |
| ,, K. D. Cooper | |
| ,, J. MacKenzie-Mair | United Steel Companies (India) Ltd. |
| ,, R. C. Gervers | |
| ,, R. H. Schuepp | Volkart Brothers. |
| ,, J. Anderegg | |
| ,, R. V. Leyden | |
| ,, B. Reinhart | |
| Sir Henry Macnaughten | Wallace & Co. |
| Mr. H. P. Cumming | |
| ,, R. A. F. Rowroyd | |
| ,, W. G. Ward | Guy Ward & Co. |
| ,, J. A. Hilder | |
| ,, V. W. B. Church | The Bank of India Ltd. |
| ,, L. R. Atkins | The Chartered Bank of India, Australia and China. |
| ,, G. A. H. Korts | Comptoir National D'Escompte de Paris |
| ,, C. W. Middleton | Imperial Bank of India. |
| ,, A. Poole | |
| ,, G. T. Gillespie | National Bank of India Ltd. |
| ,, G. Velthorst | Nederlandsch Indische Handelsbank. |
| ,, M. A. Wilkinson | Atlas Assurance Co., Ltd. |
| ,, E. E. Cockram | Gresham Life Assurance Society Ltd. |
| ,, W. D. Shembavanekar | Triton Insurance Co., Ltd. |
| ,, N. S. Sen | B.B. & C.I. Railway. |

Mr. L. A. Boult, Secretary of the Chamber.

The notice convening the meeting and the Auditors' report having been read, MR. A. L. HUTSON, in opening the proceedings, said :

Your Excellency and Gentlemen,—First of all I have the pleasure of welcoming to our meeting H.E. the Governor of Bombay and the other distinguished guests who have done us the honour of coming here to-day. To you, Sir, as the first Indian to hold the Governorship of Bombay as a substantive appointment our welcome must be specially cordial, in that you represent that change of Government to which my predecessors have looked forward and which we have so long regarded as the natural and desirable outcome of the democratic development of India.

The accounts of the Chamber have been circulated and you will be glad to observe that our finances continue to be on a satisfactory basis, in spite of the substantial increase in office expenses which we, along with all offices, have found inevitable. I have no doubt that more difficult times are in store for us as well as for our members generally when these top-heavy establishment charges will be a source of anxiety. These difficulties have not, however, yet arisen. In Mr. Finney, the new President, and other members who have agreed to stand for election, you will have a strong and experienced body which will be well adapted to conduct the Chamber's affairs in the coming year.

I have to express my sincere thanks to the members of the outgoing Committee, and to the members of the various Sub-Committees of the Chamber for the hard work they have put in during a year which has presented an unusual number of difficulties. In particular I must pay a special tribute to the Vice-President, Mr. Halsall, who is unable to be with us to-day, as he has been obliged to go on leave somewhat earlier than was expected, largely for reasons of health. I am sure that members of this Chamber have appreciated the prompt explanatory notes which the Chamber has issued on the legislative measures, ordinances and executive orders which have followed one another in recent months with the rapidity of machine-gun fire; for these Mr. Halsall has been almost entirely responsible and I am sure you will join me in wishing him a safe return and a speedy restoration to health.

The past year has been unique in the history of India; and I hope I shall be forgiven if on this occasion, I disregard many of the detailed, if important, activities of the Chamber and concentrate on certain main issues upon which the future of this country, and our position as merchants and manufacturers in it, depend.

In case anyone here has forgotten how much has happened since our meeting on the 19th of March last year, I will remind you that we met on that occasion under an Interim Government, and it was not until June that the Viceroy, after his London visit, announced H.M.G.'s plan for the transference of power to Indian hands. The plan, which involved partition if agreement could not be obtained on other terms, was accepted by the major parties with very little delay. Even in the light of subsequent disastrous events it would be a mistake to underestimate the great achievement of Lord Mountbatten. He was the first man to secure agreement between the Indian parties to a course of action, which, whatever its disadvantages, enabled immediate steps to be taken to set up self-governing Dominions in India and Pakistan and to effect the final transference of power

from British hands. The Indian Independence Bill was rapidly passed through both Houses of Parliament and received the royal assent on 18th July. The date of transference of power was fixed on 15th August 1947. This remarkable piece of hustle allowed the contracting parties no time for second thoughts. It also allowed very little time for essential arrangements, and the Dominions entered on their new existence with the demarcation of boundaries, the place of the Indian States in the new regime, and the existence of large communal blocs on the wrong side of the probable borders, as problems still to be settled.

The bloodshed and the mass migrations which followed the boundary award in the Punjab are a painful piece of recent history. Perhaps overmuch emphasis in the Press throughout the world was placed on the loss of life compared with the economic dislocation caused by the mass migrations. It is necessary to get these matters in their correct perspective, and at the risk of being accused of being cold-blooded I may point out that the total loss of life was probably less than the natural increase of population in India for the two months in which the disturbances were at their worst. The refugee problem on the other hand caused a severe setback to the whole economy of India during a vital period and in Pakistan has been the major obstacle to the successful functioning of the new Dominion.

The problem of the Indian States has caused many anxious moments, but natural processes appear to be providing a much more satisfactory solution than appeared possible at one time. The two danger zones, Kashmir and Hyderabad, remain, but the rulers of the remaining States have, to their great credit, faced up to the necessities of the situation and the work of accession, grouping and merging has made remarkable progress during recent months.

There can be no doubt that partition has resulted in severe loss to the economy of the sub-continent, but I wish to draw your attention to one point, the importance of which is generally overlooked. This is that the process of integration of the Indian States into the Union is likely to set up India as a genuine economic unit for the first time. It may, and I hope will, be possible to bring the States into line with the rest of India in respect of taxation, and labour and factory legislation and to abolish internal customs barriers. This is of the greatest consequence in any scheme for the orderly marshalling of the country's economic resources; it is also of the greatest importance from the point of view of taxation, of which I shall have more to say later.

Before leaving political matters I am sure I will have the support of everyone here when I express our sincerest hopes for

an improvement of relations between India and Pakistan. There can be no doubt that responsible people on both sides are only too anxious that this should be brought about, and I believe that if the immediate causes of friction, such as Kashmir, can be eliminated, it should be possible to institute a regime of cordial co-operation which will go far to mitigate the unfortunate consequences of partition.

I now turn to matters of finance, taxation and currency.

The fresh taxation imposed in the 1947 budget was commented on freely by Mr. Percy last year. As the year wore on the full effect of these measures was seen. New enterprise was stifled; ambitious schemes of factory expansion and the establishment of new industries were abandoned and the constructive enthusiasm for development which newly-gained independence would normally have released was stifled at birth.

The new budget of Mr. Shanmukham Chetty has made some attempt to retrieve the situation, but unfortunately it does not go nearly far enough. A fair estimate of the general reaction in business circles is that existing industries may feel some relief but there is still insufficient attraction to promoters and investors to warrant their undertaking new ventures.

The fact of the matter is that the whole scheme of direct taxation in India is out of touch with reality. Even when the general scale of taxation was much lower there is little doubt that the bulk of bazaar trading escaped assessment; and the existence of numerous Native States scattered throughout the country prevented that check on accumulation of wealth which must be an essential part of any organisation to collect direct taxation at high levels. In short, the department was never organised to collect taxes at the present levels, nor was the country organised to make such collection possible. At the 15-anna 6-pie level the entire energies of a large proportion of the possible assessees is diverted from the task of earning to the art of evasion. The Chamber in one of its representations to Government likened the recent increases to the process of forcing water at ever increasing pressure through a leaky pipe. It is quite clear that what is necessary is the installation of a single central tax authority for all India including the States, a general strengthening of the department, and above all, some inducement to pay instead of to evade, by the fixation of reasonable tax rates.

The earlier part of 1947 saw a considerable measure of relaxation of import controls, and some measure of decontrol of exports followed later. Unfortunately this resulted in a flood of unnecessary imports and controls had to be tightened up again as the result of exchange difficulties. The overriding

consideration in the utilisation of available foreign exchange has been the necessity of giving priority to imports of food and so long as these imports are necessary, there will be a serious shortage of foreign exchange for desirable and even necessary imports.

Along with stricter import control came a comprehensive system of exchange control. Unwelcome as this was on general grounds, I should like to take this opportunity of paying a compliment to the officers of the Reserve Bank responsible for its working. In difficult circumstances they were always most efficient and helpful, and I know of no other official or semi-official department capable of giving an immediate and authoritative answer on the telephone to any question put to it.

Problems of import and export control have been responsible for a very large part of the Chamber's work during the past year. It seems virtually impossible to contrive any scheme of export or import licensing which will not be the subject of gross abuse. We can only hope that the situation will be relieved by the progressive abandonment of export licensing and on the import side, by gradual widening of open licences for goods which need to be imported. The desideratum is that the categories of goods for which imports are allowed under quota should be kept down to a minimum.

The foreign exchange position was complicated by the difficulties of the U.K. in making any progress towards balancing its exports and imports. As a result of these difficulties it was impossible for the U.K. to make available to India any large sums from the sterling balances, and it says a great deal for the good sense and goodwill displayed by the negotiators on both sides that a tolerable arrangement regarding releases was arrived at.

A similar atmosphere of practical good sense prevailed in the negotiations between India and Pakistan for a financial settlement, and the conduct of these negotiations, and also of the recent talks in Bombay on currency and remittance, is a favourable omen for the future.

A great deal of nonsense has been talked in recent months about foreign capital, and the terms on which it should be "allowed into India." The problem is in fact how to arrest the flow of foreign capital, management and enterprise *from* India. This has during the last two or three years assumed alarming proportions. The majority of thinking persons are agreed that if rapid industrialisation of the country is to take place, there is a great need of foreign enterprise, energy and know-how. Foreign investment is, however, a shy bird, and before it will

come to roost it will have to be told the exact terms on which it is welcome. In particular it will have to be satisfied on the matters of nationalisation, expropriation and discriminatory taxation.

If India does not require foreign enterprise or capital, there will be no need to take deterrent action; all the Government need do is to go on as it is doing now.

The greatest disappointment of the past year has been the setback to industrial development and the decline in production from existing plant. The reasons for the setback in development are twofold; the first is the withdrawal of incentive, perhaps I should say the positive discouragement, of private enterprise by injudicious taxation; the second is the uncertainty of the official policy of the Government of India. Government circles have been speaking with two voices—one damning the so-called capitalist, and threatening him with extermination; the other faintly protesting that there is still a place for private enterprise, if it is suitably controlled, regimented and kept in its place. It is not surprising if in these circumstances there is no enterprise of any sort, private or public.

There has been lately a strong demand—one might say almost, an exceeding bitter cry—for an authoritative delineation of official policy. When this is made it is essential that it should be made in firm and unambiguous terms, and the place of private enterprise, and the extent of proposed Government interference with it clearly demarcated.

We have, I suppose, no quarrel with nationalisation—I prefer the more accurate description, State monopoly—in circumstances where monopoly is justified and State management inevitable. The criterion must be the public interest in each case, and there are various public services which it is agreed must be monopolies and which it would be inadvisable to leave in private hands. But as both monopoly and officialdom have been proved on innumerable occasions to lead to inefficiency, red tape and high costs, the number of cases which would pass these tests are few indeed.

There is certainly no justification whatever for State acquisition of individual concerns merely because they are well run and profitable or at the instance of competing interests.

The decline in production has been the result of difficult relations between labour and management, and more particularly of the general reluctance of employees to do an honest day's work. These tendencies are not confined to India; they are universal and are expected during the period of economic dislocation which follows a major war.

In India, however, it is clear that they have been accentuated by the large mass of ill-considered labour legislation which has been put out both by the Centre and the Provinces. No one wishes to question the good intentions of the sponsors of this legislation, whose aim has been to provide machinery for the amicable settlement of industrial disputes. Unfortunately the provisions of the various Acts, which are based on those in force in more industrially advanced countries, have been found notably unsuitable to India. Indian labour which has not yet learned any doctrine more advanced than " more pay and less work " has seized upon compulsory arbitration merely as an excuse to put forward one demand after another ; while each wage concession has been seized upon as an opportunity to do less work. In the meantime new factory legislation has undermined discipline to such an extent that foremen and supervisors are unable to exercise any control ; any attempt to enforce discipline is met with violence ; and efficiency and production have slumped to very low levels.

In the long run it may be true that only education can bring people to realize that without hard work and discipline there can be no production of wealth, and consequently no wealth to share. It is, however, highly necessary that labour legislation be reviewed shortly not on a theoretical basis but in the light of the practical results so far obtained.

Employers generally feel that they have had nothing approaching a square deal. The anxiety of both Central and Provincial Governments has been to appease labour. Employers have implemented the terms of a series of arbitration awards, some of them given with the scantiest regard to the merits of the case. The result has been a series of lump-sum payments to labour, each of which has dislocated factory working. It must at some stage be realised that it is the job of the management to manage, and of the worker to receive an adequate and regular wage in return for adequate and regular work, and that on no other terms is industrial progress possible.

Many of us, as we look round to-day at the volume of restrictions which still survive two and a half years after the end of the war, find it difficult to believe that we shall ever see the end of war-time controls. We may not eat what we like, drink what we like, go where we wish, or write or say what we feel. As fast as one restriction is removed, others take its place.

It may be that we are in the twilight of the age of personal liberty, and that the totalitarian conception of the State before the individual has been too firmly established to be shaken.

It must nevertheless be a matter for grief that in India political freedom has been followed by so many restrictions on

the freedom of the individual, and we must hope that as administrators gain confidence they will become more tolerant of opposition.

In surveying the Indian scene to-day, I am reminded of the notice I once saw outside a Baptist Chapel which announced that the following Sunday the preacher would discourse upon the subject " Where shall we find salvation ? " to be followed by the anthem " Search me, O Lord." This seems to be the attitude of many friends, particularly Indian friends, with whom I have discussed the future. There is a remarkable feeling of bewilderment and frustration current in business circles.

On the other hand, we see the enormous innate possibilities of India and believe that her resources if properly developed are almost unlimited, and offer great opportunities for those who are prepared to work them. There are many of us who would not be here to-day unless we believed this. Perhaps therefore we may be permitted to state some things which, in our opinion should be done. The first thing is the establishment of a sound working administration in day-to-day affairs, and it must be obvious that the only solution for the immediate future is to take the framework of Government which exists at present and see that it is properly worked. This has been criticised as " outworn," a " police state," an " imposed economy " and so on ; and legislators are freely urging that the whole thing should be scrapped. Nothing could be more unwise. We have inherited a house to live in which is, after all habitable, and before we pull it down to erect some dream pavilion, let us at least reflect on the shortage of building materials.

The second is the abandonment of rule by ordinance and a return to parliamentary government. People have become so accustomed to finding new laws issued under ordinance and published in the morning papers as a *fait accompli*, that they do not realise how monstrous a thing it is that war-time legislation should still be used for this purpose two and a half years after the war has ended.

The third is an immediate drive for increased agricultural production, particularly of food. This is necessary not only to raise the standard of nutrition in the country but to save foreign exchange which is necessary for industrialisation. The standard of agricultural production in India is amazingly low, and herein lies the greatest single opportunity of increasing the country's wealth. Scientific farming, which includes plant selection, improved tillage and fertilisers, and modern equipment could raise production very rapidly and the " back-to-the-bullock-cart " mentality can do nothing but harm. Next is improvement of communications which constitute a major impediment to progress

and lastly the release of the tremendous power of private initiative and enterprise to secure the industrialisation of the country. We say in brief, " You want the country to go ahead : then take the brake off."

On the more personal side there appear to me to be two outstanding needs in India to-day, which apply to everyone, whether governed or governing—hard work and tolerance. The necessity for genuine productive effort by all sections of the community I have already emphasised. The need for tolerance is almost as pressing. The habit of condemning the other man's views, beliefs and practices, whether they are political, religious or social, and prohibiting them or taxing them out of existence, is far too prevalent.

In conclusion, before laying down office to-day, I wish to express my thanks to the staff of the Chamber and to the Secretary, Mr. Boult, who have worked loyally and well during the past year.

Gentlemen, I now propose that the Accounts and the Report of the Chamber for the year ended 31st December 1947 be and are hereby adopted and confirmed.

Mr. A. D. Finney, in the absence of the Vice-President, said :

Your Excellency and Gentlemen,—I must first respond to the kind remarks of the President in so far as they concern myself. I am very gratified to have been elected as President of this Chamber for the next year and shall certainly do my best to carry out my duties satisfactorily. But it is as a substitute for the Vice-President who, as you know, has proceeded on home leave that I am addressing you this morning, since he normally carries out this duty.

There is no doubt that the past year has been an extremely difficult one. The transfer of power to India and Pakistan has raised many problems both in the handover itself and in the necessary readjustment as between India and Pakistan. These difficulties have been aggravated by the disturbances in Northern India resulting in great loss of life and property and by the Kashmir dispute. In addition to all this the day-to-day administration of the country has had to be carried on. All this has put an intolerable strain on Government and commerce also has suffered. It ceased altogether in some parts of the country and recovery is slow. There have been interruptions in the free flow of goods between the two Dominions and between the Union of India and the outside world and orders and counter-orders, difficult to avoid in the continually changing situation, have added to the difficulties and expenses of those engaged in

commerce. Although the war has been over for more than two years the unrest following nearly six years of conflict still makes itself felt and stability has not been regained.

Throughout the year this Chamber has taken a keen interest in the administration of the import controls and the Vice-President has devoted much of his time to this matter. I think you will agree that he has made himself master of all the details and has proved himself to be a sympathetic and efficient advocate of the interests of this Chamber. Although the need for these controls is not now being disputed, there appears to be a slowing down in the machinery towards the latter part of last year and there were large quantities of goods in Bombay for which licences were not available. Some of these may have been prohibited goods but there is no doubt there was difficulty in obtaining licences and in getting replies to applications. The situation has now improved but there is still considerable delay in obtaining new licences and anxiety exists among business houses as to when their position will be known.

Another feature of the past year has been the congestion in the transit sheds in the docks. This has caused much delay to ships, which have often had to lie in the stream for many days awaiting a berth. The congestion has been due to a variety of causes, among which was the shortage of storage accommodation. The explosions of 1944 destroyed many sheds which have not yet been completely rebuilt. Railways have also been unable to accept promptly the goods offered with the results that the goods could not be cleared from the transit sheds. Furthermore, there is insufficient storage accommodation in the town to cope with the large quantity of consumer goods which came in from America and elsewhere last year and importers have to some extent used the transit sheds as godowns. All these factors made it difficult to keep the sheds clear of cargo, and labour troubles have, of course, contributed to the slowing down of work. Your Committee have taken a keen interest in this matter and have made various suggestions to the Port Trust, who in their turn have grappled with these difficulties energetically with the result that to-day ships no longer have to wait for berths. May this state of affairs long continue.

The nationalisation of commercial undertakings is in the air, and the employer is everywhere on the defensive. So much so that an eminent business man in England has recently given a lecture on the subject: "Is the employer really necessary?" The lecturer in this case considers that the employer performs an essential service by keeping down the unit cost of commodities while the trade unions are mainly concerned with the raising of the level of wages. If this latter tendency were uncontrolled, consumption would fall off and ultimately the general standard

of living would go down. He concludes that the employer in "some shape or another is necessary and will remain in any community just about as long as the policeman." I would add that his efficiency is increased by the knowledge that the success or failure of his enterprise reacts on himself personally. It is fashionable to decry the profit motive but it would be unwise to ignore the fact that human nature responds to this incentive and that in its absence personal interest ebbs away.

Before the country enters into large schemes of nationalisation it might be profitable to observe its effects elsewhere and to see whether or not the cost of the commodity rises, whether production falls and whether the benefits which the worker perhaps expects may not be to a large extent illusory, unless the purchasing value of his wages can be maintained.

This concludes what I have to say and I now have much pleasure in seconding the proposals that the Accounts and the Report of the Chamber for the year ended 31st December, 1947, be duly adopted.

The Report was adopted unanimously

HIS EXCELLENCY THE GOVERNOR said :—

Mr. President and Gentlemen,—I am grateful to you for your kindly welcome. You have been good enough to stress that I am the first Indian Governor of Bombay. Since my appointment I have received nothing but kindness and courtesy in this cosmopolitan city from all races and creeds, including citizens of the United Kingdom, that great country with which our relations are and, I hope, will continue to be friendly. I know that you appreciate that I am a Constitutional Governor. The change made in the position of the head of an Indian Province is eminently desirable but inevitably imposes limitations on his powers and responsibilities and even on his public pronouncements. It is, however, the duty and privilege of a Governor to meet important bodies, such as yours, and I am very glad to be present on this occasion.

Before I deal with some of the points which Mr. Hutson has raised in his interesting and instructive speech I should like to mention two preliminary considerations. The first is that, as India has been an independent nation for only seven months and has been greatly preoccupied with grave and urgent problems resulting from partition, further time for adjustments, financial as well as political, and even for clear declarations of economic policy has been essential. I am sure, gentlemen, that you will appreciate what I am saying. It seems to me a matter of satisfaction that, in spite of the deplorable happenings following immediately after the 15th of August last year, to which you have referred,

there has been but little upheaval and that in general law and order have been maintained in spite of difficulties by the Central and Provincial Governments as well as the Indian States in an enormous area with a population of 350 millions. That of itself is no mean achievement. Indeed, Mr. President, in the course of your speech you have been generous in giving credit to Government for good work done during the last seven months. This includes the momentous step, creditable to their people and Rulers as well as to the Prime Minister and Home Minister of the Government of India, of the political and economic consolidation effected by the merger of a considerable number of States into larger units. But more time has been needed in the past before there could be full statements of policy with any degree of finality in many important matters.

The second consideration is that all or almost all countries of the world, including India, are suffering from economic stress and from the aftermath of war. The result has been a swing towards forms of government and economic policy which tend to lessen the disparity in the distribution of wealth between man and man and to promote an increasing measure of State control over industry. In India, more than in most countries, the number of persons whose standards of life fall below what you and I would consider to be reasonable is unusually large. With the creation of a constitution which will be much more democratic than the present, being based on adult suffrage, it is certain that there will be an increasing tendency for the poorer citizen to demand from the State, even at the expense of others, more of the world's goods or, in other words, greater comfort. The position is not fundamentally dissimilar in many other countries.

Subject to what I have ventured to state I proceed to deal with some of the questions mentioned by you.

"One of these relates to the prospects of private enterprise in industry in this country. I sympathise with you in your wish to have an enunciation of future policy in this important matter. From your point of view it is a reasonable request. I doubt, however, if at this stage it is possible to do this in the unequivocal language that you desire. Governmental objectives of social and economic policy cannot always be categorically stated. We are living in a dynamic age with recurring crisis and it is seldom easy to adapt immediate programmes to distant objectives. But, generally speaking, it is the object and desire of Government in addition to lessening the disparity, to which I have just referred, to increase production and thus add to the country's wealth. Government is committed to the nationalisation in general of what are called "key" industries and the encouragement of cottage industries. But, as has been pointed out by the Prime Minister of India and other responsible members of the Dominion

Government, a sudden scheme of all-round nationalisation is not contemplated. That might lead to a breakdown in our economic system, since the resources of the State are limited both in money and in technical personnel. The Finance Minister of the Dominion Government recently made the following remarks in the Dominion Parliament to which I venture to call your attention :

> " While industry should be called upon to pay its just contribution to the common exchequer, the burden placed upon it must be such as to allow business to expand. At the same time the aim of our policy should be to secure that, while the level of taxation is reasonably high so that the wealthier sections of the community are placed under an equitable contribution for the common ends of the State, a generous margin is left for savings which will flow back into investment and thereby add to the productive wealth of the community, which the State itself could subsequently tap. It is also necessary so to adjust our taxation as to provide a real incentive to the flowing back of profits into fresh business."

I do not think that this statement is unfair or unsympathetic to industry. I would add that the recent budget proposals of the Government of India, which you criticise as not being sufficiently generous to industry, are a definite improvement even from your point of view on the taxation measures enunciated in the budget of the previous year. For instance, the rate of the Business Profits Tax has been reduced from sixteen and two-thirds per cent. to ten per cent. while the abatement allowed has been increased from one lakh of rupees or six per cent. of the capital employed, whichever is larger, to two lakhs of rupees or six per cent. of the capital employed. Similarly, the amount at which the maximum rate of the super-tax will be applied is fixed at three and a half lakhs for both earned and unearned incomes instead of the previous figures of one and a half lakhs and one lakh and twenty thousand rupees for earned and unearned incomes respectively. Further, the tax on undistributed profits of companies has been reduced while the income-tax on companies with an income of less than Rs. 25,000 has been halved. The cumulative effect of these concessions should surely give some incentive to industrial enterprise, old and new. I shall say no more, however, on this point as I understand that there is to be a full dress debate in the near future in the Dominion Parliament on the industrial and economic policy of the Government of India. The enterprising correspondent of the *Times of India* has recently anticipated the intentions of the Government of India, and with the confidence that I assume you have in the newspaper ably edited by Sir Francis Low, whose departure from India many of us sincerely regret, I shall not be surprised if you believe some at least of his statements to be correct.

I am glad that you have denounced the evasion of taxes for it is essential that there should be no leakage of legitimate revenue. To prevent this the Government of India proposes to set up a Commission to see that fraudulent assessees are brought to book. We must hope that their efforts will meet with success.

Then Mr. President, you have referred to the necessity for the relaxation of export and import controls. Here again the Government of India has recently announced that it expects that exports will be increased in 1948-49 by 20 per cent. over the level recorded in the current financial year. Since June 1947, restrictions on imports has been necessitated by the inadequacy of foreign exchange—more particularly in dollars—and imports from hard currency areas have had to be controlled. The situation regarding controls has been recently clarified at the Press Conference held by the Commerce Secretary and other officers of the Government of India. According to the statement issued, the situation has been reviewed from time to time and more than 150 items have been removed from export control since the termination of hostilities. In fact articles continue to be added to the free list as and when supply conditions, especially of manufactured goods, permit. There is a considerable shortage of domestic supplies. In those categories where there is a surplus, export is not restricted.

Regarding imports also priority has to be given to capital goods and equipment urgently needed for increased industrial production.

Coming to the question of foreign capital, I invite your attention to the speech made by the Prime Minister of India before the Federation of Indian Chambers of Commerce and Industry in New Delhi in March 1947. It is obviously necessary to tap Indian capital for the development of industrial enterprise in this country. For years the accumulation of savings was largely frozen in hoards of gold, silver and ornaments. Gradually Indian capital has been losing its proverbial shyness and will, it is hoped, increasingly be able to assist industrial effort. This is a process which needs to be encouraged. At the same time it does not mean that there should ordinarily be an embargo on the entry into India of foreign capital. Where local capital is deficient it should indeed be welcomed. But foreign capital needs, if I may say so, to be domiciled or naturalised in India in the sense that it should develop Indian industries primarily and mainly for the benefit of Indian consumers and India as a nation. If it does so, I do not think that there need be any apprehension that it will be crippled by discriminatory measures.

I agree with what you have said on the necessity for increasing agricultural production. The Government of Bombay attaches

very great importance to this and has undertaken measures to make this Province self-sufficient as far as possible in respect of food supplies. Beneficent schemes of major irrigation have been taken in hand in Gujarat, Maharashtra and the Karnatak. The Finance Minister of the Bombay Government in his interesting and well written speech introducing the budget has furnished details of our agricultural policy. The sums expended on agriculture by this Government have risen from twelve lakhs of rupees in 1939-40 to two crores of rupees. These figures amply demonstrate that production of food is our first priority. May I add here that I wish to assure you on behalf of my Government that it wishes to impose the burden of provincial taxation in such a way as to allow legitimate scope to business and to industry and that the wishes of the commercial community will always be carefully considered? Your statement about the necessity, to use your own words, for a sound working administration in day-to-day affects and for a parliamentary Government is unexceptionable. Both these essentials are in existence in the Province of Bombay. Legislation by Ordinance, to which you particularly refer, is undertaken only in emergent situations when the Legislature is not in session and then only after the most careful deliberation.

I do not think that you have been quite fair at least to the Government of Bombay on their Labour legislation. Let me mention, for instance, the Bill to amend the Industrial Relations Act. This provides for the creation of Wage Boards in particular industries, a Provincial Wage Board to deal with questions common to all industries and joint employer-employee committees. These agencies are part of the scheme accepted at the Tripartite Conference called by the Government of India a short time ago to help to implement the industrial truce. This machinery is intended to smooth relations between employers and workers, provides for mutual settlement of disputes in order to prevent strikes and go-slow methods which hamper production. Surely the experiment should be watched with sympathy even if in practice difficulties may be experienced. In any case I see no practicable alternative to such methods. Goodwill and a spirit of compromise are necessary between labour and capital in India as elsewhere. In periods of economic stress such relations are often strained. We must hope, therefore, for better times and in the meantime produce more food and promote industries from the profits of which employers and workers can share.

I do not think that any reasonable person can take exception to your remarks on the importance of the transference of power which took place on the 15th of August last year, on the partition of the Indian sub-continent and on the integration of a number of Indian States. Indeed they are couched in a friendly spirit.

I also echo your hope for an improvement of relations between India and Pakistan. Your expression of gratitude to the officers of the Reserve Bank and Mr. Finney's tribute to the Bombay Port Trust will, I am sure, be appreciated by the persons concerned.

Once again I thank you and the members of the Bombay Chamber of Commerce for inviting me to-day. I join with you in wishing Mr. Halsall, whom I have the pleasure of knowing, a speedy restoration to health. I congratulate you, Mr. President, on your good work for the Chamber in your important office, and I wish all success to Mr. Finney, your new President.

MR. C. W. WARRINGTON, in proposing a vote of thanks to the Committee, said :—

Your Excellency and Gentlemen,—I have pleasure to move the second resolution on to-day's agenda, that a vote of thanks be tendered to the President, the Vice-President and members of the outgoing Committee.

If we couple the information disclosed in the speeches to which we have just listened with the contents of the annual report which is already in the hands of members and which I would add for the information of our visitors here to-day that it contains 150 pages of closely printed matter, we have but a glimpse of some of the work which has been so efficiently and expeditiously dealt with by the Officers and Committee of this Chamber during the past year.

We all have our commercial or industrial duties to perform and they in themselves are not light, and yet every year this Chamber is fortunate in finding tried experienced business men coming forward to so earnestly administer the affairs of this important Chamber.

When they took over office just a year ago they knew that in the year before them history was going to be made in this great country and that major political changes would also occur, and that such happenings would have a tremendous effect on commerce and industry throughout the country.

I can safely assume that they did not know how long it was going to take the authorities in Delhi to issue those valuable pieces of paper, i.e., Import and Export Licences about which we have heard so much this morning, neither did they know that once these valuable documents were issued they would so quickly be lost by similar Government Departments.

I expect that this matter of licences is one of the few "unfinished symphonies" which they will pass on to the new Committee but they hand over the Chamber numerically and

financially strong, and I therefore now formally propose that a vote of thanks be tendered to the President, the Vice-President and members of the outgoing Committee.

MR. R. SCHUEPP seconded the proposition which was carried with acclamation.

## ELECTION OF COMMITTEE.

Under the provisions of Article 41 of the Chamber's Articles of Association the following eight gentlemen have been selected by the retiring Committee in conjunction with the incoming President and the Vice-President to serve, if elected, as ordinary members of the Committee for the year 1948-49 and shall be deemed to have been duly proposed for election.

MR. G. M. BATHGATE, O.B.E.
MR. W. B. BRYDEN.
MR. R. W. BULLOCK.
MR. C. J. DAMALA.
MR. W. M. MARTIN, O.B.E.
MR. C. F. MORRIS, O.B.E.
MR. V. F. NOEL PATON.
MR. G. N. TOD, O.B.E.

## APPOINTMENT OF AUDITORS.

MR. H. A. HENRY proposed, MR. R. W. WESTBROOK seconded, and it was agreed :—

"That Messrs. Sharp and Tannan be and are hereby elected Auditors of the Chamber's accounts for the year 1948 at a remuneration of Rupees two hundred and fifty."

MR. E. L. C. GWILT, in proposing a vote of thanks to His Excellency the Governor, said :

Your Excellency, Mr. President and Gentlemen,—Though it is a convention that a member of this Chamber rises at this stage of the meeting to propose a vote of thanks to His Excellency the Governor of Bombay for gracing this annual meeting with his presence, I regard the convention on this occasion as an enhanced honour and privilege since this is the first time we have had with us a Governor appointed by the chosen representatives of his people.

I know, Mr. President, that not only do I voice your opinion but that of all members present when I say that had that appointment been left to us we could not have made it a happier one.

By his dignity, ability and integrity, we have come greatly to respect Raja Maharaj Singh, but what we as members of this Chamber think of him does not matter greatly—what is important is the regard and affections that has so abundantly been shown towards him by the masses of the people during the several months that His Excellency has acted as Governor.

We admire him, Mr. President, for being good of head, a brilliant product of Oxford; for being straight of heart and a man of high principles, and perhaps we may be forgiven for liking him the better for having, at any rate at one time, been straight with his right hand, or perhaps His Excellency can tell us that it was his left that helped him punch his way to the distinction of a boxing blue at Oxford.

We all hope Mr. President that this is but the first of many occasions when we shall have the pleasure and privilege of having him with us at our Annual General Meetings.

And now gentlemen I formally propose a most sincere and genuine vote of thanks to His Excellency Raja Maharaj Singh, the Governor of Bombay, for his kindness in being here, for his admirable and interesting speech and I ask you to carry it in the customary manner.

The proposition was carried with acclamation.

A vote of thanks to the President terminated the proceedings.

# Bombay Chamber of Commerce

## ANNUAL REPORT FOR 1947.

### ELECTION OF PRESIDENT OF THE CHAMBER FOR THE YEAR 1948-49.

In accordance with the prescribed regulations, MR. A. D. FINNEY was elected President of the Chamber for the year 1948-49.

### CHANGES IN THE COMMITTEE DURING 1947.

In accordance with the provisions of Article 43 of the Chamber's Articles of Association, the Committee nominated MR. C. R. AGAR and MR. H. C. MACCOLL as ordinary members of the Committee for 1947-48.

In September MR. H. F. MILNE resigned and MR. V. F. NOEL PATON was nominated to serve in his place.

### BOMBAY PORT TRUST.

CHAMBER'S REPRESENTATIVE.

In January 1947 MR. C. W. WARRINGTON was elected as a representative of the Chamber on the Board of Trustees of the Bombay Port Trust in place of MR. E. WILKINSON, resigned.

The term of office of MESSRS. R. W. BULLOCK, C. J. DAMALA, A. D. FINNEY, C. W. WARRINGTON, V. F. NOEL PATON, as the Chamber's representatives on the Board of Trustees, expired on 31st March 1947. In accordance with the prescribed regulations all of the above named gentlemen were re-elected to serve for a period of two years with effect from 1st April 1947.

In April MR. D. STEWART-BROWN was elected a representative of the Chamber in place of MR. V. F. NOEL PATON, who was granted five months' leave of absence out of India.

### BOMBAY SMOKE NUISANCES COMMISSION—RECONSTRUCTION.

CHAMBER'S REPRESENTATIVE.

In September the Government of Bombay, Political and Services Department, requested the Chamber to submit the name of its representative to serve on the reconstituted Bombay

Smoke Nuisances Commission for a period of two years commencing on 1st January 1948.

The Committee nominated MR. J. G. MILNE to serve as their representative in place of MR. H. F. MILNE who earlier had resigned his seat on the Commission on proceeding on leave out of India.

## CONSTITUTION OF PROVINCIAL COUNCIL ON BLINDNESS IN INDIA.

CHAMBER'S REPRESENTATIVE.

In June 1947 the Chamber was advised by the Government of Bombay of the constitution of the Provincial Council on Blindness in India. On being asked to nominate a representative to serve on the Council, the Committee submitted the name of MR. E. L. C. GWILT.

## ST. GEORGE'S HOSPITAL NURSING ASSOCIATION.

CHAMBER'S REPRESENTATIVE.

Rule 2 of the St. George's Hospital Nursing Association provides that the President of the Bombay Chamber of Commerce or his nominee shall become an ex-officio member of the Managing Committee. The President nominated MR. L. A. HALSALL to serve as his representative on that Committee.

## THE BOMBAY EUROPEAN HOSPITAL TRUST.

CHAMBER'S REPRESENTATIVE.

In August 1947 the Chamber nominated MR. L. A. HALSALL to serve as their representative on the General Committee of the Bombay European Hospital Trust in place of MR. J. M. B. GIBBONS who had proceeded on leave out of India.

## ROYAL BOMBAY SEAMEN'S SOCIETY.

CHAMBER'S REPRESENTATIVE.

In April 1947 the Chamber was asked to nominate a representative to serve as a member of the Royal Bombay Seamen's Society under the provisions of Rule I-E of the Rules and Regulations of the Society and the Committee nominated MR. L. A. HALSALL.

## PERSIAN GULF LIGHTING SERVICE ADVISORY COMMITTEE.

CHAMBER'S REPRESENTATIVE.

(*See Report* 1946, *page* 3.)

In January 1947 MR. C. F. MORRIS returned from leave and resumed his seat on this Committee in place of MR. C. H. CAMPBELL who had acted for him during his absence.

## GOVERNING BODY OF I.M.M.T.S. "DUFFERIN."

CHAMBER'S REPRESENTATIVE.

(*See Report* 1946, *page* 2.)

In February 1947 MR. A. H. FORD, the Chamber's representative on the Governing Body of the I.M.M.T.S. "Dufferin," resigned his seat and MR. A. D. FINNEY was nominated to serve in his stead.

## B.B. & C.I. RAILWAY LOCAL ADVISORY COMMITTEE.

CHAMBER'S REPRESENTATIVE.

The term of office of MR. C. W. WARRINGTON, the Chamber's representative on the B.B. & C.I. Railway Local Advisory Committee, Bombay, expired on 8th January 1947 and the Committee of the Chamber renominated MR. WARRINGTON to serve for a further period of two years.

## EX-SERVICES ASSOCIATION, BOMBAY BRANCH.

CHAMBER'S REPRESENTATIVE.

(*See Report* 1946, *page* 6.)

In February 1947 MR. C. R. AGAR having returned from leave, resumed his seat on the Committee of this Association in place of MR. H. T. BIGGE who deputised for him.

## BOMBAY JOINT TOWN PLANNING COMMITTEE.

CHAMBER'S REPRESENTATIVE.

In February 1947 MR. A. W. PERCY was nominated to serve as the Chamber's representative on the Bombay Joint Town Planning Committee in the place of SIR JOHN GREAVES, resigned.

## INDIAN CENTRAL COTTON COMMITTEE.

CHAMBER'S REPRESENTATIVE.

In March 1947 the Indian Central Cotton Committee informed the Chamber that the term of office of its representative

would expire on 31st March 1947 and called upon the Chamber to fill the vacancy. The Committee renominated MR. L. F. H. GOODWIN.

## PROVINCIAL TRANSPORT AUTHORITY—BOMBAY.

CHAMBER'S REPRESENTATIVE.

In October the Home Department of the Government of Bombay requested the Chamber to nominate a representative to serve on the Provincial Transport Authority, Bombay, in place of MR. J. M. B. GIBBONS, who had proceeded on leave. The Committee nominated MR. W. W. RUSSELL.

## AUXILIARY FORCE: DISBANDMENT OF UNITS AND DISSOLUTION OF ADVISORY COMMITTEE.

(*See Report* 1946, *page* 6.)

In March 1947 the Government of Bombay informed the Chamber that the term of office of the existing Advisory Committee for the Bombay District under the Auxiliary Force Act, 1920, would expire on the 31st March 1947 and requested the Chamber to nominate its representative to serve on the Committee for the year 1947-48. The Committee renominated MR. L. A. HALSALL.

The Government of India by their notification No. 2101-A of 13th August disbanded all units of the Auxiliary Force, India, on 14th August 1947 and the Government of Bombay accordingly cancelled their notification No. 5D 11/-P. 47(*a*) of 12th April 1947 reconstituting the Auxiliary Force Advisory Committee for the period ending 31st March 1948.

## EXPORT OF WOOL—*AD HOC* COMMITTEE.

CHAMBER'S REPRESENTATIVE.

In January 1947 the Export Trade Controller advised the Chamber that Government had decided to entertain applications for the export of wool against the actual number of fully pressed bales of wool covered by firm contracts or, in the case of the United Kingdom, by advance payments, etc., and lying in the port on 20th January 1947 or actually railed on or before that date to Bombay against an *ad hoc* quota fixed for the purpose. The Government of India suggested the formation of an *ad hoc* Committee representing the interests concerned for the verification of the physical existence of stocks of wool and the Chamber was asked to nominate one member and a substitute member to serve on this Committee.

MR. G. A. D. PORTER was nominated as a member and MR. L. F. H. GOODWIN as a substitute member.

## TRAFFIC ADVISORY COMMITTEE.

### CHAMBER'S REPRESENTATIVE.

In November MR. V. CORBETT-WRIGHT, the Chamber's representative on the Traffic Advisory Committee, resigned on retirement from India and MR. J. S. R. SPELMAN was nominated to serve in his place.

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## ASSOCIATED CHAMBERS OF COMMERCE.

The Annual General Meeting of the Associated Chambers of Commerce of India was held at Royal Exchange, Calcutta, on Monday, 15th December. The meeting was opened by the Hon'ble Pandit Jawaharlal Nehru, Prime Minister of the Government of India. The Bombay Chamber of Commerce was represented by

MR. A. L. HUTSON,

MR. L. A. HALSALL, and

MR. C. P. BRAMBLE, C.I.E.

The following resolutions—which were severally brought forward at the instance of the Chamber's specified—were unanimously adopted by the meeting :

**1. Import Trade Control : Licensing System.**

*(Bengal Chamber of Commerce.)*

"This Association draws the urgent attention of Government to the need for a comprehensive review of the present import licensing system and urges that Government immediately convene a round table conference of representatives of Government, Commerce and Industry to discuss the matter and to set up a Standing Panel or Committee of businessmen to collaborate with Government in evolving and operating an improved system."

**2. Internal Controls.**

*(Bombay Chamber of Commerce.)*

"This Association, whilst recognizing that there may be need for continued control in the case of some essential commodities in short supply, is of the opinion that many of the controls at present in force are operating to the detriment of increased production and efficient distribution and recommends that all existing controls be reviewed individually and without delay in consultation with the trade concerned with the object of determining whether control can now be withdrawn, or, if not, to what extent it can be progressively relaxed and its administration improved pending its complete abolition.

"In the case of cloth and yarn, this Association thinks that the present scheme of control and standardization of cloth and yarn is not conducive to increased production and should be revised and an immediate and definite decision taken in this matter."

**3. Taxation of Incomes.**

*(Bombay Chamber of Commerce.)*

"This Association is of opinion that the present basis of taxation on both personal and business incomes is a definite check on incentive, savings for investment and business activity and welcomes the assurance of the

Finance Minister of the Government of India that a careful investigation will be made of the consequences of the present taxation policy. Accordingly this Association strongly recommends to Government that a lower level of taxation of income should be introduced."

**4. Industrial Disputes Act : Tribunal Awards.**

*(Bengal Chamber of Commerce.)*

"This Association invites the attention of Government to the unsatisfactory nature of some of the recent adjudication awards under the Industrial Disputes Act and would urge that the Act be reviewed with the intention of avoiding in future the serious consequences that may arise from such awards. In particular the Chambers stress the desirability of greater uniformity in adjudication awards, especially on vital matters of policy and principle."

**5. Labour : Wage Policy and Inflation.**

*(Bengal Chamber of Commerce.)*

"This Association views with grave concern the present tendency to demand and to grant widespread wage increases which, not being counterbalanced by a corresponding increase in production, are causing a general rise in the cost of living. The Chambers urge that Government should revise their labour policy with a view to checking the inflationary movement that is already in progress."

**6. Communications.**

(a) *(Upper India Chamber of Commerce.)*

"This Association invites the attention of Government to the urgent necessity for taking such measures as will ensure an early improvement in communications with particular reference to railway transport facilities which, as they at present exist, considerably hamper trade and industry on account of their utter inadequacy for the expeditious movement of raw materials to manufacturing centres and for the despatch of finished products."

(b) *(Punjab Chamber of Commerce.)*

"The Association draws the attention of Government to the steady deterioration in the Postal Services and in particular to the delays in the transmission of telegrams and the terminal delays in connection with air letters and packages, and requests the Government to take effective steps for the improvement of these Services."

**7. The Economic Position of the Country.**

*(Punjab Chamber of Commerce.)*

"This meeting desires to impress on the Government the urgent need for a comprehensive plan to overcome the present economic troubles in the country and offers the services of its member-bodies in helping the Government to formulate such a plan and give speedy effect to it."

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## THE ASSOCIATED CHAMBERS OF COMMERCE OF INDIA.

### DEPUTY PRESIDENT.

At the Annual Meeting of the Associated Chambers of Commerce of India held at Calcutta on Monday, 16th December 1946, the following resolution was adopted unanimously :—

"That the Bombay and Karachi Chambers of Commerce be and are hereby elected under the provisions of Articles 15 of the Articles of Association to nominate each a Deputy President for the year 1946-47."

The Committee nominated the President of the Chamber, MR. A. L. HUTSON, as one of the Deputy Presidents.

## CENTRAL ADVISORY COMMITTEE FOR LIGHT HOUSES.

ASSOCIATED CHAMBERS' REPRESENTATIVE.

In March 1947 MR. A. D. FINNEY was nominated by the Committee to serve as one of the representatives of the Associated Chambers of Commerce of India on the Central Advisory Committee for Light Houses in place of MR. A. H. FORD, resigned.

## ALL-INDIA COUNCIL FOR TECHNICAL EDUCATION.

ASSOCIATED CHAMBERS' REPRESENTATIVE.

(*See Report* 1946, *page* 11.)

MR. A. S. TROLLIP, one of the Associated Chambers' representatives on the All-India Council for Technical Education, resigned his seat and the Associated Chambers called upon constituent Chambers to submit nominations for the appointment of a representative in his place. The Committee submitted the name of MR. A. FORRINGTON, and he was duly elected.

## CENTRAL ADVISORY BOARD ON FOREST UTILISATION.

ASSOCIATED CHAMBERS' REPRESENTATIVE.

When the Central Advisory Board was first constituted in 1939, the Associated Chambers had two representatives on it.

The Board was reconstituted in 1947 and the Associated Chambers' representation was reduced to one. MR. C. D. FERRIER, a nominee of the Bengal Chamber of Commerce, was elected as the Association's representative on the Board for a period of three years.

## INDIAN CENTRAL TOBACCO COMMITTEE.

ASSOCIATED CHAMBERS' REPRESENTATIVE.

(*See Report* 1946, *page* 10.)

In November 1947 MR. E. GEOGHEGAN, the representative of the Associated Chambers of Commerce of India on the Indian Central Tobacco Committee, resigned and MR. M. H. POWELL was nominated to serve in his stead.

## INDIAN INSTITUTE OF SCIENCE, BANGALORE.

REPRESENTATIVE OF THE ASSOCIATED CHAMBERS.

In October 1947 the Associated Chambers intimated that the term of office of its representative MR. J. MEEK expired at the end of December and that the Association had been called upon

to nominate its representative for the quinquennium 1948-52. The Committee have submitted the name of MR. R. A. HARYOTT for election as the Association's representative on the Court of the Indian Institute of Science. The Committee were subsequently informed that MR. MEEK had been re-elected.

## EXPORT ADVISORY COUNCIL.

### ASSOCIATED CHAMBERS' REPRESENTATIVE.

In May 1947 the Chamber was informed by the Associated Chambers of Commerce of India that it was proposed to reconstitute the Export Advisory Council on which the Association had two nominees, Mr. J. M. B. GIBBONS (Bombay) and MR. G. EUTHYMOPOULO (Calcutta), and enquired whether the Chamber desired to submit any names for election to the reconstituted Council.

The Committee nominated MR. S. D. CHARD, C.B.E., of Volkart Brothers, Bombay, in place of MR. J. M. B. GIBBONS, and were advised that the nominations of MR. CHARD and MR. G. EUTHYMOPOULO had been submitted to the Government of India.

Subsequently the Associated Chambers were informed by the Government of India that its representation had been reduced to one member and as MR. CHARD died suddenly on 14th November the nomination of MR. EUTHYMOPOULO was confirmed.

## THE INDIAN STANDARDS INSTITUTION.

With a view to prescribing standards of specifications and grading for industrial production in India, the Government of India have set up an Indian Standards Institution which will be managed by a General Council which will, so far as practicable, divide the work of the Institution into divisions for the more direct and convenient administration of the affairs and work of the Institution. The Associated Chambers have been allotted a seat on the General Council and will be represented by MR. C. J. L. STOKOE.

The Committee decided that this Chamber should become a " sustaining member " of the Institution.

## MEMBERSHIP.

The total membership of the Chamber at the end of 1947 was 259 against 235 at the beginning of 1947.

The following are the names of members elected during the year:

MAPPIN AND WEBB (INDIA) LTD. Proposed by A. F. Ferguson & Co. and seconded by The Chartered Bank of India, Australia and China.

ALLEN AND HANBURYS LTD. Proposed by Boots Pure Drug Co. (India) Ltd. and seconded by the Mercantile Bank of India Ltd.

BABCOCK AND WILCOX LTD. Proposed by the National Bank of India, Ltd. and seconded by Andrew Yule & Co., Ltd.

SANDOZ PRODUCTS LTD. Proposed by Shaw Wallace & Co. and seconded by Imperial Chemical Industries (India) Ltd.

R. K. DUNDAS (EASTERN) LTD. Proposed by Ford Rhodes and Parks and seconded by Lloyds Bank Limited.

FRENCH DYES AND CHEMICALS (INDIA) LTD. Proposed by Comptoir National D'Escompte de Paris and seconded by Louis Dreyfus & Co., Ltd.

ROBERTS MCLEAN & Co., LTD. Proposed by Indian Textile Engineers Ltd. and seconded by Greaves Cotton & Co., Ltd.

F. RACEK & Co. Proposed by the National Bank of India Ltd. and seconded by the Imperial Bank of India Ltd.

BOMBAY TEXTILE WASTE Co. Proposed by Grindlay & Co., Ltd. and seconded by Jayant Trading Co.

J. K. PAVRI. Proposed by The Netherlands Trading Society and seconded by Pavri Sons & Co.

VASANJEE LALJEE AND SONS. Proposed by The Comptoir National D'Escompte de Paris and seconded by The Scottish Union and National Insurance Co.

BUBNA MORE & Co. Proposed by The Hongkong and Shanghai Banking Corporation and seconded by Tulsidas Khimji.

F. S. KERR & Co., LTD. Proposed by Crawford Bayley & Co. and seconded by Lloyds Bank Ltd.

G. ATHERTON & Co., LTD. Proposed by The Chartered Bank of India, Australia and China and seconded by J. L. Morison, Son and Jones (India) Ltd.

A. R. BASSAM BROTHERS. Proposed by The New Zealand Insurance Co., Ltd. and seconded by Sharp and Tannan.

THE POWER-GAS CORPORATION LTD. Proposed by Imperial Chemical Industries (India) Ltd. and seconded by Crawford Bayley & Co.

THE ASSOCIATION OF BRITISH CHEMICAL MANUFACTURERS. Proposed by Imperial Chemical Industries (India) Ltd. and seconded by May and Baker (India) Ltd.

CADBURY FRY (EXPORT) LTD., Proposed by Lloyds Bank Limited and seconded by Carr & Co., Ltd.

THE MEYER MILLS LTD. Proposed by W. H. Brady & Co., Ltd. and seconded by Empire of India Life Assurance Co., Ltd.

INDOKEM LTD. Proposed by Shaw Wallace & Co. and seconded by C.C. Wakefield & Co., Ltd.

THOMAS DE LA RUE & CO., LTD. Proposed by A. F. Ferguson & Co. and seconded by Thos. Cook & Sons Ltd.

MAURICE J. HOLLMAN. Proposed by Crawford Bayley & Co. and seconded by East Asiatic Co. (India) Ltd.

HOARE MILLER & CO., LTD. Proposed by Shaw Wallace & Co. and seconded by George Wills and Sons (India) Ltd.

ALLIED PHOTOGRAPHICS LTD. Proposed by The Mercantile Bank of India Ltd. and seconded by Little & Co.

TRANSCONTINENTAL AND WESTERN AIR, INC. Proposed by Corn Products Co. (India) and seconded by L. A. Stronach & Co. (India) Ltd.

CROMPTON PARKINSON (WORKS) LTD. Proposed by Greaves Cotton & Co., Ltd. and seconded by Indian Textile Engineers Ltd.

K. SHEWAKRAM AND SONS. Proposed by Kishinchand Chellaram and seconded by the Mercantile Bank of India Ltd.

EDGAR HANDLEY & CO., LTD. Proposed by Sharp and Tannan and seconded by Johnson and Phillips Ltd.

VULCAN TRADING COMPANY, LTD. Proposed by Western India Match Co., Ltd. and seconded by Lloyds Bank Ltd.

VAN REEKUM PAPER LTD. Proposed by Netherlands Trading Society and seconded by A. F. Ferguson & Co.

F. & C. OSLER (INDIA) LTD. Proposed by The Hongkong and Shanghai Banking Corporation Ltd. and seconded by the General Electric Co. (India) Ltd.

KHAITAN TRADING CORPORATION. Proposed by Gannon Dunkerley & Co., Ltd. and seconded by W. H. Brady & Co., Ltd.

The following resigned their membership of the Chamber :—

BOMBAY ELECTRIC SUPPLY & TRAMWAYS CO., LTD.
CUTLER PALMER & CO.
CHUGONDAS & CO.
INTERNATIONAL SYNDICATE.
LLOYDS AGENCY.
MADHAVLAL & CO., LTD.
MICHELIN TYRE (INDIA) LTD.
F. & C. OSLER LTD.
WOLVERHAMPTON WORKS CO., LTD.

## STANDING SUB-COMMITTEES.

The undermentioned gentlemen were nominated to serve on the Standing Sub-Committees of the Chamber for the year 1947-48 :—

*Import.*

C. ROSE, Esq.
C. A. CUNLIFFE, Esq.
T. J. HUDSON, Esq.
J. C. LANCASHIRE, Esq.
T. KEMP, Esq.
R. CULLEN, Esq.

*Shipping.*

C. F. MORRIS, Esq., O.B.E.
H. D. B. HARRINGTON, Esq.
D. STEWART BROWN, Esq.
C. F. BARNARD, Esq.
A. WILES, Esq.
I. H. ANDERSON, Esq.

*Docks and Railways.*

S. G. PICK, Esq., O.B.E.
F. W. HERVEY, Esq.
C. W. WARRINGTON, Esq.
F. BERRY, Esq.
J. G. MILNE, Esq.
D. B. ASHWORTH, Esq.

*Income-Tax.*

A. E. BLAIR, Esq.
C. R. SHARP, Esq.
O. L. PRIDEAUX, Esq.
W. B. BRYDEN, Esq.

*Export.*

S. D. CHARD, Esq., O.B.E.
R. G. SARAIYA, Esq., O.B.E.
M. PASPATTI, Esq.
W. NIELSEN, Esq.
M. W. MALIM, Esq.
C. S. BARRETT, Esq.

*Labour.*

I. H. ANDERSON, Esq.
A. A. ROBINSON, Esq.
C. S. PETTIT, Esq.
E. W. A. RICHARDSON, Esq.
G. PAKENHAM-WALSH, Esq.
H. S. BATLIVALA, Esq.

*Engineering (Imports)*

E. J. C. HERRING, ESQ.
B. G. P. SPINKS, Esq.
J. SYMON, Esq.
A. FORRINGTON, Esq.
T. G. MAY, Esq.
R. SCHUEPP, Esq.

*Measurement Department.*

A. L. HUTSON, Esq.
L. A. HALSALL, Esq, O.B.E.
R. W. BULLOCK, Esq.
C. J. DAMALA, Esq.
A. D. FINNEY, Esq.

*Finance Sub-Committee.*

J. ROBERTSON, Esq.
MANEKLAL PREMCHAND, Esq.
R. L. FERARD, Esq.
A. C. CLARK, Esq.

*Electricity Special Sub-Committee.*

K. G. MILNE, Esq.
F. J. HECHT, Esq.
G. BARNES, Esq.
E. LEWIS, Esq.
T. K. R. AYENGAR, Esq.

*Staff.*

A. L. HUTSON, Esq.
L. A. HALSALL, Esq., O.B.E.
R. W. BULLOCK, Esq.
A. W. PERCY, Esq., O.B.E.

*Weather-Working Days.*

A. D. FINNEY, Esq.
D. STEWART-BROWN, Esq.
A. WILES, Esq.

In November 1947 MR. C. ROSE, resigned from the Import Sub-Committee and MR. R. F. MOSS was nominated in his place.

In August 1947 MR. I. H. ANDERSON resigned from the Shipping and Labour Sub-Committees and MR. G. G. ROBERTSON was nominated on both the Sub-Committees.

In October 1947 MR. W. F. HERVEY resigned from the Docks and Railways Sub-Committee and MR. H. P. HIRA was nominated in his stead.

In July 1947 MR. M. W. MALIM resigned from the Export Sub-Committee and MR. R. W. POLLARD was nominated to serve on the Sub-Committee.

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## LAW AND LEGISLATION.

### INDIAN INDEPENDENCE ACT.

On 4th July 1947 His Majesty's Government introduced into the House of Commons the Indian Independence Bill, which provided for the setting up of two Dominions, viz., India and Pakistan and for the granting to them of complete independence. The Act was quickly passed through all its stages and received the Royal Assent on 18th July 1947. The date of the transference of power to the two Dominions was 15th August 1947 which was declared a public holiday throughout India and Pakistan.

Under the provisions of the Act the Punjab as such ceased to exist on 15th August and was divided into East Punjab and West Punjab, the latter forming part of Pakistan. The Province of Bengal similarly ceased to exist and two new Provinces were created—East Bengal and West Bengal, East Bengal forming part of Pakistan.

Section 9 of the Act authorised the Governor-General to make, by order, such provisions as he considered necessary for bringing the Act into effective operation, for dividing among the two new Dominions the powers, rights, property, duties and liabilities of the Governor-General-in-Council, and other matters. Sub-section 5 of section 9 provided that no order should be made under section 9 by the Governor-General after the 31st March 1948.

Section 8 provided that each of the new Dominions and all the Provinces and other parts thereof should, except in so far as may be otherwise provided by the Constituent Assemblies, be governed as nearly as possible in accordance with the provisions of the Government of India Act 1935, with such omissions, and amendments as may be necessary.

On the 14th August numerous orders were published by the Governor-General to give effect to the Independence Ac and the more important of these are referred to hereunder :—

*The Indian Independence (Miscellaneous Transitional Provisions) Order.*—By this order the period from 15th August 1947 to 31st March 1948 was defined as "the transitional period," and this order further provided that during the transitional period the following four Acts should apply to India and Pakistan :—

(i) The Motor Vehicles Act, 1939 (IV of 1939).

(ii) The Indian Tea Control Act, 1938 (VIII of 1938).

(iii) The Indian Tea Cess Act, 1903 (IX of 1903).

(iv) The Trade Marks Act, 1940 (V of 1940).

*The India (Provisional Constitution) Order* 1947.—This order which came into force on 15th August, 1947—"the appointed day"—made numerous additions, adaptations and modifications to the Government of India Act, 1935.

*The India (Provincial Legislatures) Order* 1947.—By this order all members representing European Constituencies in the Legislative Assemblies and Councils of Madras, Bombay, the United Provinces and Bihar and in the Legislative Assemblies of the Central Provinces and Berar ceased to be members of the Assemblies or Councils on 15th August 1947. Institutional seats, such as those in Commerce and Industry Constituencies remain, unless the local legislatures should later decide otherwise.

Provincial Constitution Orders, Provincial Legislatures Orders and Adaptation of Existing Laws Orders for the Dominion of Pakistan were promulgated at the same time. In addition there was the Pakistan (Monetary System and Reserve Bank) Order 1947, which provided that until 30th September 1948 the Reserve Bank shall manage the currency of Pakistan and carry on the business of banking in Pakistan. It further specified that until the Pakistan Legislature otherwise provides, the standard Monetary Unit of Pakistan shall be the India rupee.

*The India (Adaptation of the Existing Indian Laws) Order.*—This order provides that all existing Indian laws until repealed or altered or amended by a competent legislature or other competent authority in their application to the Dominion of India and any part or parts thereof shall be subject to the adaptation specified in the order.

*The Indian Independence (Rights, Property and Liabilities) Order.*—This order deals with the initial distribution of rights, property and liabilities consequent on the setting up of the Dominions of India and Pakistan.

Clause 8 of the order deals with contracts and specifies that no contract made on behalf of the Governor-General-in-Council before "the appointed day" shall, if the contract is for purposes which from that day are exclusively purposes of the Dominion of Pakistan, be deemed to have been made on behalf of the Dominion of Pakistan and all rights and liabilities shall, to the extent to which they would have been rights or liabilities of the Governor-General-in-Council, be rights or liabilities of the Dominion of Pakistan. There are similar provisions in respect of contracts made before the appointed day with the Provinces of Bengal, the Punjab and Assam.

The first Governor-General of the new Dominion of India is His Excellency the Right Honourable the Viscount Mountbatten of Burma and of the Dominion of Pakistan Qaed-i-Azam Mohamad Ali Jinnah.

The following is the personnel of the first Indian Cabinet :—

| | |
|---|---|
| Pandit Jawaharlal Nehru .. .. | Prime Minister, External Affairs and Commonwealth Relations, Scientific Research. |
| Sardar Vallabhai Patel .. .. | Home, Information and Broadcasting, States. |
| Dr. Rajendra Prasad .. .. | Food and Agriculture. |
| Maulana Abul Kalam Azad .. | Education. |
| Dr. John Matthai .. .. .. | Railways and Transport. |
| Sardar Baldev Singh .. .. | Defence. |
| Shri Jagjivan Ram .. .. .. | Labour. |
| Mr. C. H. Bhabha .. .. .. | Commerce. |
| Mr. Rafi Ahmad Kidwai .. .. | Communications. |
| Rajkumari Amrit Kaur .. .. | Health. |
| Dr. B. R. Ambedkar .. .. .. | Law. |
| Shri R. K. Shanmukham Chetty .. | Finance. |
| Dr. Shyama Prasad Mukerji .. | Industries and Supplies. |
| Shri A. N. Gadgil .. .. .. | Works, Mines and Power. |
| Mr. N. Gopalaswami Iyengar .. | Minister without Portfolio. |

## BUDGET PROPOSALS, 1947-48.

The Budget proposals for 1947-48 were presented to the Central Legislative Assembly by the Finance Member, THE HON'BLE MR. LIAQUAT ALI KHAN, at 5 p.m. on Friday, 28th February. The main proposals were :

(i) Abolition of the salt tax.

(ii) Raising the minimum exemption limit for income-tax from Rs. 2,000 to Rs. 2,500.

(iii) A business profits tax at the rate of 25 per cent. on all taxable income exceeding one lakh of rupees.

(iv) A tax on capital gains.

(v) Raising of the Corporation tax from one to two annas.

(vi) Lowering of the points at which the maximum rate of super-tax is reached from Rs. 3½ lakhs for unearned income and Rs. 5 lakhs for earned income to Rs. 1.2 lakhs and Rs. 1.5 lakhs respectively.

(vii) Tightening up of the dividend tax to make it more penal so as further to discourage distribution of excessive dividends, and

(viii) Raising of the export duty on tea from two annas per lb. to four annas per lb.

Particulars of the four Bills, i.e., (1) The Indian Finance Act, 1947, (2) Business Profits Tax Act, 1947, (3) Income-tax and E.P.T. (Amendment) Act, 1947, (4) Taxation of Income (Investigation Commission) Act, 1947, embodying the above proposals were circulated to members under this office circular Nos. 147/519, 147/520, 147/517, 147/524 of 3rd March.

The Bills were considered by the Committee in consultation with the Income-tax Sub-Committee and the following letter was addressed to the European Group, New Delhi.

" The Committee of the Chamber have considered the Budget proposals and the Bills giving effect to these proposals, and they discussed these at a meeting on Thursday last when Mr. Whitby was present and other members of the Income-tax Sub-Committee. I now briefly summarise hereunder the Committee's reactions to these proposals.

" 1. The proposals generally are certainly designed to tax the rich, but it is wrong to say that the Budget is a poor man's Budget because, e.g., the Business Profits Tax in its present form will relatively be more hard on the poor man than the rich, because what the rich man loses by reason of the business profits tax will be very considerably offset by the lesser amount he will have to pay on the top slabs of super-tax.

" 2. Until machinery for the collection of tax is thoroughly overhauled and the loopholes for evasion closed the new tax proposals merely bear more hardly on the relatively small proportion of assessees who are paying all the taxes properly due by them.

" 3. The proposals generally will undoubtedly put a brake on new enterprise and tend to slow down industrial development. Moreover, these high rates of tax are an encouragement to evasion and to black market operations.

" 4. *Business Profits Tax.*—The standard of Rs. 1 lakh is absurdly low in the case of banks and large companies. This figure may be kept as a minimum, or perhaps some slightly lower figure if this is found to be equitable, but the standard on which firms and companies are to be taxed should not be arbitrarily fixed at Rs. 1 lakh maximum—it should bear some relation to the capital at stake. A suggested percentage is 7½/8 per cent. on the capital. The proposed rate of tax (25 per cent.) is also unduly high.

" 5. *Super-tax.*—The new scales proposed mean that asessees come into the top slab on an earned income of Rs. 1,20,000 and unearned income of Rs. 1,50,000. This is unnecessarily severe and higher than is advisable in the present state of India's economy, and the adequacy of the present machinery for tax collection.

" It is understood that the maximum rate in the U.K. is not reached until incomes of £20,000 a year.

" Another point to be kept in mind is that while the rates of tax may not bear too heavily on pensionable employment, which is usually accompanied by comparatively modest salaries, they will bear extremely hardly on individuals who have to save money during their working years against retirement and old age. In this connection my Committee recommend that a further attempt should be made to have the limit of allowances of Rs. 6,000 under section 15 of the I.T. Act raised to Rs. 12,000. The figure of Rs. 6,000 has been in force for many years and was fixed when the value of money was more than double what it is now.

" 6. *Capital Gains Tax.*—This in its present form is most objectionable in many respects, the principal one being that it is made retrospective. Moreover, it appears that it would not be a difficult matter for those who wish to do so to devise various ways and means of avoiding liability to this tax.

" The Committee of this Chamber consider—

" (*a*) That if the tax is levied assets of every sort which were acquired prior to 1st January 1939 should be totally exempted from the operation of it :

" (*b*) The assets in respect of which any capital gains tax is levied should be only land and buildings, stocks, shares and bullion.

" (*c*) This tax in the case of large companies appears to be inconsistent with other measures restricting payment of dividends. The penal super-tax on dividends has resulted in companies putting sums to reserve which in many cases have been more than 5 per cent. on the capital of the company. This has resulted in an appreciation of share values and it could therefore be argued that anyone wishing to realise on his shares would pay income-tax on capital gains, although the sums set aside which have caused an appreciation in share values have already been subjected to income-tax in the hands of the company. It appears that if an individual were to sell at a capital profit shares in any company which itself has sold shares at a capital profit the same profit will be taxed twice—once in the hands of the company and again in the hands of the individual.

" (*d*) If this tax is to have retrospective effect a specific date should be fixed and not ' prior to the previous year for the assessment for the year ending on 31st March 1948.' If this is not done transactions completed during the chargeable accounting period will be taxable in some cases and not in others, according to the date of the assessee's financial year. The suggested date is 1st April, 1946.

" (*e*) If companies are made liable to the capital gains tax they should be subject only to income-tax on the taxable gains and not to Corporation tax in addition."

Members were again advised by circular No. 147/736 of 26th March of the amendments made by the Select Committee to the Business Profits Tax and the Income-tax and E.P.T. (Amendment) Bills. These were accepted by the Finance Member when the Bills again came before the House, and when speaking on the Business Profits Tax Bill which was passed by the Assembly on 1st April, the Finance Member stated that E.P.T. deposits would not be subjected to Business Profits Tax because they had already been taxed. The present legislation was restricted to profits earned in 1946-47 and in case it was extended to the period 1947-48 the Finance Member stated that deposits would be treated as reserves.

The Income-tax and Excess Profits Tax (Amendment) Bill as reported by the Select Committee was passed by the Assembly on 7th April 1947.

The Finance Bill which, *inter alia*, abolished the salt tax, doubled the tea export duty, raised the corporation tax by 100 per cent. and reconstructed the income-tax and super-tax slabs so as to apply the highest rate of levy at much lower levels of income, was adopted by the Assembly without any change on 28th March 1947.

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## GOVERNMENT OF INDIA BUDGET FOR THE PERIOD 15TH AUGUST 1947—31st MARCH 1948.

The more important features of the budget which was presented to the Legislative Assembly by the Finance Minister on the 26th November 1947 were advised to members by this office circular No. 147/3458 dated 27th November, which is reproduced for purposes of record.

### Points from the Finance Minister's Speech.

1. The initial liability for the outstanding loans, guarantees and financial obligations of the late Central Government at the time of partition and for the pensions chargeable to it, has been placed by law on the Dominion of India, subject to an equitable contribution from Pakistan.

2. The results of the "Grow-more-Food campaign" have been disappointing. During the three-years April 1944 to March 1947 43,80,000 tons of foodgrains were imported at a cost of more than Rs. 127 crores. In the current year from April to September 10,62,000 tons were imported at a cost of over Rs. 42 crores.

This expenditure of foreign exchange on foodstuffs is largely responsible for the necessity of stringent restrictions on the imports of many other articles.

3. The inflation in war-time was due to the large increases in currency circulation, which rose from Rs. 172 crores in 1939 to over Rs. 1,200 crores at the end of 1945. The present inflation is not due to further increases of currency but to a steady fall in the supply of goods.

4. As regards the "cheap money" policy, Government's efforts will be directed to consolidating and stabilizing the position so far gained. They have no intention of reversing the policy and thereby jeopardizing the interests of those who have trusted Government with their money. The small savings movement is to be reorganized so that it may be retained as a peace-time organization.

5. The sterling balances reached the peak figure of Rs. 1,733 crores on 5th April 1946. On 31st March 1947 they were down to Rs. 1,612 crores. In the middle of July, when the agreement with H.M.G. became effective, they amounted to Rs. 1,547 crores, showing a reduction of Rs. 65 crores. The Government of India's policies of restricting imports and certain remittances of money out of India are now beginning to show the effects which were expected and the sterling balances have been reduced by only a further Rs. 21 crores, down to Rs. 1,526 crores, between the middle of July and the beginning of November.

6. The Government of India hold the view that these sterling balances must not be frittered away on the import of luxury goods or on luxury living in foreign countries; that the balances should be used, broadly speaking, for the purchase of capital goods which are necessary for the development of agriculture and industry and that the aim must be to pay for day-to-day requirements from abroad by the earnings from current exports.

7. In the period from September 1939 up to 31st March 1946 India earned U.S. dollars to the value of Rs. 405 crores and spent Rs. 240 crores. In the same period India also spent net Rs. 51 crores worth of other hard currencies, namely, Canada, Switzerland, Sweden, and Portugal. In the year 1946-47 the earnings of U.S. dollars amounted to Rs. 83 crores and the spendings Rs. 98 crores, thus showing an adverse balance of Rs. 15 crores. During the quarter April-June 1947 India had a net deficit on hard currency account of Rs. 15 crores. Due to Government's policy of foreign exchange restriction the Finance Minister expects that at the end of the current fiscal year India will be in a fairly comfortable financial position externally.

8. The only change in taxation proposed in this budget is that the existing export duty of 3 per cent. *ad valorem* on cotton cloth and yarn is to be substituted by a duty of 4 annas per square yard on cotton cloth and 6 annas per lb. on cotton yarn. The net additional revenue from this in the current year is estimated at Rs. 165 lakhs, and in a full year Rs. 8 crores.

9. Although this is the eighth consecutive deficit budget the Finance Minister had no hesitation in saying that India's revenue position is sound. There is a large burden on this year's budget by the expenditure on refugees, payment of foodgrain subsidies and increased expenditure on the defence forces, but when conditions become nearer normal it should be possible to balance the budget and the Finance Minister thinks that with a determined all-round effort it should be possible to do this in 1949-50.

10. In answering criticisms made against the level of taxation introduced in the last budget, the Finance Minister said that before presenting his annual budget next February he would make a careful examination of the present taxation policy and would endeavour to make any adjustments that may be necessary to instil confidence in private enterprise. He holds the view that for many years to come there is need and scope for private enterprise in industry and that India cannot afford to lose the benefit of the years of experience private enterprise has gained in the building up of the country's

industrial economy. He believes the pattern of the country's economy must be a mixed economy in which there is scope both for private enterprise and State enterprise.

ESTIMATES.

*Revenue.*

| | Rs. lakhs. |
|---|---|
| Customs duties .. .. .. .. .. .. | 52,15 (*a*) |
| Excise „ .. .. .. .. .. .. | 22,08 |
| Income-tax .. .. .. .. .. .. | 75,29 (*b*) |
| Corporation Tax .. .. .. .. .. .. | 42,71 |
| Civil Administration .. .. .. .. .. .. | 2,26 |
| Contribution from Post and Telegraphs .. .. .. | 2,03 |
| Contribution from Railways .. .. .. .. .. .. | .. |
| Other heads .. .. .. .. .. .. | 6,33 |
| Rs. .. | 202,85 |
| *Less*—Share of Income-tax payable to Provinces .. | 30,05 |
| Rs. .. | 172,80 |

*Expenditure.*

| | |
|---|---|
| Defence Services .. .. .. .. .. .. | 92,74 |
| Civil Administration .. .. .. .. .. .. | 20,24 |
| Debt Services .. .. .. .. .. .. .. | 20,52 |
| Foodgrain subsidies .. .. .. .. .. .. | 22,52 |
| Expenditure on refugees .. .. .. .. .. | 22,00 |
| Civil Works .. .. .. .. .. .. | 6,21 |
| Collection of Taxes .. .. .. .. .. .. | 5,33 |
| Other heads .. .. .. .. .. .. | 7,83 |
| Rs. .. | 197,39 |
| Net deficit Rs. .. | 24,59 |

(*a*) Including Rs. 165 lakhs from the increased export duty on cotton cloth and yarn.

(*b*) Including expected receipts of Rs. 29,50 lakhs from E.P.T.

## BILL TO CONSOLIDATE AND AMEND THE LAW RELATING TO BANKING COMPANIES.

(*See Report* 1946, *page* 45.)

A revised Bill to consolidate and amend the law relating to Banking Companies was introduced in the Central Legislative Assembly during March 1946. The Committee's views were printed in detail in the Report for that year and at the time of going to press the Bill was under examination by a Select Committee. The Select Committee's report and the Bill as amended were published in the *Gazette of India* of 1st March 1947. In consultation with the Banking Sub-Committee the Committee submitted the following further comments on the amended Bill.

*Clause* 5.—*Definitions.*—The definition of "banking" in sub-clause (*b*) has been materially altered and my Committee agree with the new definition although the necessity for the addition of the words "for the purpose of lending or investment" is not apparent, nor the reason why the words "collection of cheques drawn by or paid in by a customer," which find a place in Halsbury's definition, are excluded.

*Clause* 8.—*Prohibition of Accepting Demand Deposits.*—The insertion of this new clause will prevent the continuation by mercantile communities of what is a fairly common practice, namely, the running of current accounts for their employees. It is suggested that a proviso might be added to this clause to the effect that this should not apply to a company maintaining current accounts for its own employees.

*Clause* 9—(*old Clause* 8).—*Prohibition of Trading.*—My Committee agree with this clause as now amended.

*Clause* 10—(*old Clause* 9).—*Disposal of Non-banking Assets.*—The amendments made are not satisfactory and my Committee adhere to the view expressed in their previous letter, namely, that a bank must be allowed to use its own assets which come into its ownership in the ordinary course of business without necessarily having to dispose of them.

*Clause* 11—(*old Clause* 10).—*Prohibition of Employment of Managing Agents and Restrictions on Certain Forms of Employment.*—This amended clause still contains the prohibition against the employment by a banking company, whether incorporated in or outside India, of any person whose remuneration is on a scale disproportionate to normal standards or to the reserves of the company, and a new sub-clause (2) has been added by which the decision of the Reserve Bank shall be final in respect of any question which may arise regarding the remuneration in any particular case. My Committee wish to point out in the first place that such a condition cannot be made applicable to banks incorporated outside India, and, as regards banks incorporated in India, they consider that a decision on this point should be a matter for the Courts and not for the Reserve Bank.

The proviso to sub-clause (*c*) refers to any contract with the company "for its management." Presumably the words "for its management" refer to the management of the company as a whole and not to a branch of it. If this is so, the reference to companies incorporated outside India is meaningless and, in any event, extra-territorial. This point requires clarification.

*Clause* 12 (*old Clause* 11).—*Restrictions on Commencement of Business and Conditions for Carrying on Business.*—Although sub-clause (3) does not apply to any banking company incorporated on or after the 15th January 1937, the new sub-clause (*d*) limiting the voting rights of any one shareholder to 10 per cent. of the total voting rights of all shareholders obviously cannot apply to a private company. In any event, this limitation is objectionable in principle and my Committee consider that sub-clause 3(*d*) should be omitted from the Bill.

*Clause* 18 (*old Clause* 15).—*Cash Reserve.*—This clause is still unsatisfactory as it does not provide that the specified cash reserve in the case of non-scheduled banks shall be kept with the Reserve Bank. Scheduled banks are required to keep with the Reserve Bank a deposit equivalent to 2 per cent. of their time liabilities and 5 per cent. of their demand liabilities, and non-scheduled banks should be required to do the same.

*Clause* 19 (*old Clause* 16).—*Restriction on Nature of Subsidiary Companies.*—In sub-clause (2) the limit of 20 per cent. in respect of the shares in any company which a banking company may hold, remains. My Committee are still of opinion that this provision is far too wide and would prevent a perfectly sound bank from protecting itself and its depositors by the acquisition

of additional security in the form of shares. Unless the previous percentage of 40 is restored there should be a special provision by which the percentage of 20 may be increased when necessary to 40, with the prior sanction of the Reserve Bank.

The new sub-clause (3) is not understood because it is already provided by clause 11(1) (*d*) that the Managing Director or Manager of a banking company shall not be engaged in any other business or vocation.

*Clause* 21 (*old Clause* 18).—*Licensing of Banking Companies.*—The provisions of this clause are very vague. There is no obligation on the Reserve Bank to issue a licence to a banking company, but presumably the required licence will be issued if the conditions in sub-clause (3) are complied with, because under sub-clause (4) the Reserve Bank have the power to cancel any licence if the conditions in sub-clause (3) cease to be fulfilled. My Committee consider that the conditions on which a licence shall be granted by the Reserve Bank should be specifically stated.

Sub-clause (5) provides that any banking company aggrieved by the cancellation of its licence may appeal to the Central Government whose decision on such appeal shall be final. This is not satisfactory—the right of appeal in this respect should be to a High Court.

*Clause* 23 (*old Clause* 19).—*Maintenance of a Percentage of Assets.*—The clause as amended now specifies that a banking company shall maintain in cash, gold or unencumbered approved securities an amount which shall not at the close of business on any day be less than 20 per cent. of its total time and demand liabilities in India. The percentage previously specified was 25 and my Committee adhere to the view that this should be reduced to 15 per cent. for the reasons given in their comments on the old clause 19 in their letter of 12th November, 1946.

*Clause* 24 (*old Clause* 20).—*Assets in British India.*—This provides that on the last working day of every quarter the assets in India of every banking company shall be not less than 75 per cent. of the company's time and demand liabilities in India. The Committee urge again that power should be given to the Reserve Bank under this section to reduce this percentage as and when circumstances may warrant such action. Their reasons for this suggestion were given in the letter of 12th November already referred to.

*Clause* 25 (*old Clause* 21).—*Return of Unclaimed Deposits.*—No amendment has been made to this clause and my Committee object to the inclusion of it in this Bill as it introduces a principle to which they are entirely opposed.

*Clause* 26 (*old Clause* 22).—*Monthly Returns and Power to Call for other Returns and Information.*—As stated in their previous letter the Committee of the Chamber object to this clause in its present form and they consider it should be substituted by a new clause similar to section 4(3) of the Bank of England Act, which reads as follows :—

" The Bank, if they think it necessary in the public interest, may request information from and make recommendation to bankers, and may, if so authorised by the Treasury, issue directions to any banker for the purpose of securing that effect is given to any such request or recommendation :—

Provided that :—

(*a*) no such request or recommendation shall be made with respect to the affairs of any particular customer of a banker; and

(*b*) before authorising the issue of any such directions the Treasury shall give the banker concerned, or such person as appears to them to represent him, an opportunity of making representations with respect thereto."

*Clause* 28 (*old Clause* 24).—*Accounts and Balance Sheet.*—The proviso added to sub-clause (1) specifies that in the case of a banking company incorporated outside India the profit and loss account may be prepared as on a date not earlier than two months before the last working day of the year. But the words " calendar year " still remain in sub-clause (1) and to this my Committee must again object. As they pointed out in their previous letter, the closing of accounts at the end of a calendar year would, in many cases, be impracticable. The year, for the purpose of this clause, must be a company's accounting year.

*Clause* 29 (*old Clause* 25).—*Audit.*—Sub-clause (3) specifies certain matters which an auditor is required to state in his report in addition to those already specified in the Indian Companies Act and paragraph (*d*) in this sub-clause reads :—

" whether the profit and loss account shows a true balance of profit and loss of the period covered by such account."

This should be amended to read,

" whether in his opinion the profit and loss account shows . . . etc. "

*Clause* 35.—*Further Powers and Functions of Reserve Bank.*—Sub-clause (*d*) (ii) is much too drastic. It would be reasonable for the Reserve Bank to have the right to recommend to the Board of Directors that a change in the management should be made but it is not reasonable that they should have the power to order such a change.

*Clause* 37 (*old Clause* 32).—*Winding-up by Court.*—My Committee are glad to note that the proposal they previously made has been inserted in this clause, namely, that a banking company shall not be deemed to be unable to pay its debts except under a certificate to that effect by the Reserve Bank.

*Clause* 45 (*old Clause* 40).—*Penalties.*—In sub-clause (1) the words " or wilfully omits to make a material statement " have been included. It may happen that Directors have to refrain from making in their reports to shareholders certain statements which might be construed as material, not with the intention of misleading anyone but because it would not be in the interests of the bank to divulge such information to the public. My Committee consider that a proviso to this effect should be added to sub-clause (1).

Sub-clause (2) specifies the fine to which " any person " may be liable if he refuses to produce any books, accounts or other documents which it is his duty to produce, or to answer any question relating to the business of a banking company put to him by an inspecting officer. The words " Director or other officer " should be substituted for the words " any person " in the first line of this sub-clause.

*Clause* 47 (*old Clause* 42).—*Application of Fines.*—My Committee repeat their strong objection to the provision that any part of a fine imposed by a Court may be paid to an informer.

FORM " A " OF THE SCHEDULE.

My Committee wish to reiterate the view expressed in the last paragraph of their letter dated 12th November 1946, under the heading " Premises less depreciation." According to note (*g*) premises which a bank occupies wholly or partly for the purpose of its business are to be shown again under this heading. As they pointed out in their previous letter the separation, in the accounts, of premises owned by a bank and used for its business, from premises not so used or partially used for the purpose of its business, will cause

much difficulty in dealing with depreciation. Against this heading a bank should be allowed to show the value of *all* its properties less depreciation and not only those wholly or partially occupied for the purpose of its business.

*Loans, Advances, Cash Credits and Overdrafts.*—Item (VII) of the particulars to be given under this heading includes the total amount of loans or advances made, *inter alia*, to " officers " of the company. It is presumed that this means officers as defined in the Companies Act and not those such as branch managers or accountants which a bank may conventionally term " officers." This point requires clarification.

*Borrowings from other Banks, Agents, etc.*—My Committee can see no good reason for the previous heading " due to other banks, agents, etc.", being substituted by this revised one. Borrowings from other banks could be deemed to include credit balances held for their convenience. In the inter-bank market there is a distinct difference between other banks current account balances and borrowings from them. It is preferable to restore the old heading " due to other banks, agents, etc."

The Bill was subsequently with drawn.

## BOMBAY SALES TAX ACT.

(*See Report* 1945, *page* 55 ; 1946, *page* 34.)

The Sales Tax Enquiry Committee appointed by the Government of Bombay in October 1946 to suggest modifications to the Bombay Sales Tax Act submitted their report in March this year. All the recommendations about which there was unanimity in the Committee were accepted by Government with the exception of two which related to slight changes in the phraseology and one which would have resulted in curtailment of the list of exemptions. The accepted recommendations were incorporated in the Bombay Sales Tax (Amendment) Bill 1947, which was passed by the Bombay Legislative Assembly on 11th April. The more important features of the Act which were brought to the notice of members by this office circular No. 257/1027 of 29th April are reproduced hereunder.

1. The definition of contract in section 2 and all references to the carrying out of a contract in sub-sections 2 (*d*), (*g*), (*h*) (ii) and (*j*) have been deleted. (See reference later to amendment of rule 4.)

2. The definition of " turnover " now means the aggregate of the amounts of sale prices received and receivable by a dealer in respect of sale or supply of goods effected or made during a given period *after deducting the amounts if any refunded by the dealer to a purchaser in respect of any goods purchased and returned by the purchaser within the prescribed period.* (Not yet specified.)

3. Section 5 dealing with the incidence of taxation has been amended and will apply to every dealer whose gross turnover during the year immediately preceding the commencement of the Act exceeds the following :—

(*a*) In the case of an importer,—Rs. 10,000 provided his gross turnover of imports is *not less than* Rs. 1,000 ;

(*b*) In the case of a manufacturer or processor—Rs. 10,000.

(*c*) In the case of any other dealer—Rs. 30,000.

4. Every dealer whose gross turnover during the year immediately preceding the commencement of the Act does not exceed the figures mentioned above, will be liable to the tax two months after the end of that month from the preceding 1st April during which his turnover exceeds the limits specified above.

This means that any dealer whose sales for the period, say, 1st April/31st May 1947 exceed the limits specified above will be liable to the tax with effect from 1st August 1947.

5. Clause 6(2) (a) (ii) dealing with deductions from taxable turnover in respect of sales to registered dealers has been deleted and the following substituted :—

"(ii) Sales to a registered dealer of goods certified by him as being intended for resale by him, or of goods specified in the purchasing dealer's certificate of registration as being intended for use by him in the manufacture or processing of any goods for sale or on sales to a registered dealer of containers and other materials for the packing of such goods :

Provided that where such goods are utilised by him for purposes other than those specified in his certificate of registration, the price of goods so utilised shall be included in his taxable turnover."

It may be noted here that the portion of section 8(3) which required the class or classes of goods in which a dealer carries on business to be specified in his registration certificate has been deleted.

6. A new section 8A has been added, providing for voluntary registration of dealers. If the Registering Authority is satisfied that a dealer's gross turnover during a year has exceeded or is likely to exceed Rs. 10,000, the dealer may be granted a certificate of registration, even though he is not liable to pay tax under the provisions of section 5. (This provision for voluntary registration is one of the recommendations the Chamber made last year.)

7. The registration of a dealer under the new section 8A will remain in force for a period of not less than three years and shall continue in force thereafter, subject to the dealer giving no less than six months' notice before the end of a year of his desire to have the registration certificate cancelled.

8. *Delegation of the Commissioner's Functions.*—The delegation of the Commissioner's powers to inspect accounts and documents and search premises shall not be made to any officer below the rank of Sales Tax Officer.

9. The conditions regarding payment of tax on a transfer of business have been altered.

(*a*) When the business of a registered dealer is *partly* transferred the transferor will be liable to pay tax in respect of the stock of goods transferred unless the transferee has a certificate of registration or obtains one within the prescribed period.

(*b*) When a firm which is a registered dealer is dissolved each of the partners shall be liable to pay tax in proportion to his share of goods in the partnership unless he has a certificate of registration or obtains one within the prescribed period.

*Rule* 4.—In the *Bombay Government Gazette* dated 24th April there is a draft notification setting out six further clauses (*ce*) to (*cf*) to be added to rule 4. These new clauses specify different percentages which, for the calculation of taxable turnover, may be deducted from the amounts payable in

respect of contracts for road construction and bridge works. These amendments are to be deemed to have been in effect since 1st October 1946 as contractors are liable to pay sales tax in accordance with the Act until the 1947 Amendment Act is notified as having come into force.

*Rule 5-A—Exemption of Certain Sales in Calculating Taxable Turnover.*—The sales covered by rule 5-A(i) were advised to members in circular No. 257/147 of the 17th January.

The following new clauses have been added to this rule by notification in the *Gazette* dated 17th April :—

"(*v*) Sales of Ceylon cocoanut oil and copra to the Civil Supplies Department of the Government of Bombay;

(*vi*) Sales to the Special Officer, Electric Grid, or to an officer authorised by him for this purpose, of goods intended for use in the generation of electricity and specified in a certificate issued in this behalf by the Commissioner of Sales Tax."

The Act came into force on 19th May and the Deputy Commissioner of Sales Tax issued an advance notice so that dealers might take prompt action to apply for registration. By this notice importers, manufacturers or processors whose gross turnover in the Province of Bombay during the year ended 31st March 1947 had exceeded Rs. 10,000 (provided in the case of importers their sales of imported goods were not less than Rs. 1,000) would become liable to pay sales tax as from 1st June 1947.

The dealers referred to above were required to apply for registration in Form II not later than 15*th May* 1947.

Other dealers will similarly become liable to pay the tax as from 1st June 1947 if their gross turnover in the year ended 31st March 1947 had exceeded Rs. 30,000.

Dealers wishing to apply for voluntary registration under section 8A (see paras 6 and 7 of circular No. 257/1027) might do so at any time on Form II.

Importers, manufacturers and processors, also other dealers not voluntarily registered under section 8A will become liable to pay the tax in accordance with the amended section 5—see paragraphs 3 and 4 of circular No. 257/1027. If the liability starts on 1st July 1947 the latest date for applying for registration is 31st May; if the liability starts on 1st August the latest date for application is 30th June, and so on.

Contractors who only carry out contracts and do not sell or supply any goods would not be liable to pay sales tax on their turnover and will not be registered under the Act. Dealers supplying goods to contractors would be liable to pay tax on such sales.

Consequent on the passing of the Amendment Act further amendments were made to the Rules which were published in the *Bombay Government Gazette Extraordinary*, Part IV-B, of 31st May, and are summarised hereunder :—

(1) Rules 4 and 5 are deleted.

(2) New Rule 5B specifies three months as the period during which a deduction from the taxable turnover may be made in respect of refunds made to purchasers for goods returned.

(3) *Rule* 6, *sub-rule* (1).—Applications for registration have to be made not less than one month (previously two months) before the date from which a dealer becomes liable to pay sales tax.

(4) *New Rule* 7A.—When part or whole of a business or of a stock of goods is transferred the period in which a transferee has to apply for a certificate of registration is 15 days from the date of transfer.

(5) In rules 13 and 18, for " Rs. 30,000 " substitute " the limits specified in sub-section (1) of section 5." (These limits were given in para. 3 of circular No. 1027.)

(6) *Rule* 26.—Minor drafting changes have been made in sub-rule (2) and a change consequent on the amendment of section 6(2) (*a*) of the Act has been made in that the words " are specified in the certificate of registration of such dealer and " on lines 5 and 6 have been deleted.

There are now three separate forms of declaration under sub-rule (3) according to whether goods are purchased for resale, packing purposes or the manufacture of goods for sale.

(7) *Rule* 27.—If the Commissioner requires a dealer to attend or to produce evidence before him in support of his return and issues a notice under section 11(2) of the Act the date for compliance with the notice shall be not less than 10 days from the date of issue of it.

(8) *Chapter XIV of the Rules.*—Form I is deleted and there are changes in Forms II, III, VI and XVI consequent on the amendment of the Act and Rules. A new form 5-A is included, on which application for cancellation of registration under section 8A of the Act has to be made.

## Substitution of the Single Point System by a General Turnover Tax.

In July the Government of Bombay invited the opinion of the Chamber on the recommendation made by a majority of the Sales Tax Enquiry Committee that a general turnover tax should be substituted for the present single point system. Accordingly the Chamber called for the views of members (see circular No. 257/2236 of the 2nd August) and drew attention to paragraphs 4, 19, 20/29 and 30 of the Enquiry Committee's Report setting out the reasons which led the Government of Bombay to prefer a single point tax, the reasons for the Enquiry Committee rejecting various alternative proposals which were made to them and the views of the majority of that Committee who were in favour of the general turnover tax.

After careful consideration of the proposals put forward by members and those set out in the Sales Tax Enquiry Committee's Report the Committee of this Chamber informed the Government of Bombay that they considered the present single point system of sales tax the less objectionable of the two alternatives.

*Non-payment of Sales Tax on Goods Supplied to Government Departments.*—The Chamber received complaints from members regarding non-payment of sales tax charged in their bills for goods supplied to the Director of Supplies and against Indian Stores Department orders on behalf of consumers, including railways, in Bombay Province. In some instances brought to the notice of the Chamber the Director General of Industries and Supplies had given instructions that payment of bills might be made excluding Bombay Sales Tax and that separate bills for sales tax were to be submitted and would then be forwarded to the Controller of Supply Accounts for provisional payment. Another member was informed that the question of sales tax on purchases by the Director of Civil Supplies on behalf of consumers in the province of Bombay was under discussion between the Government of India and the Government of Bombay and that payment of the tax would not be made until a decision was arrived at.

In July the Committee addressed the Bombay Government, Finance Department, pointing out that it was manifestly unfair that suppliers in this province who were bound to pay sales tax to Government under the terms of the Sales Tax Act should be precluded from recovering the tax on supplies made to Government Agencies and enquiring how the question now stood and when the suppliers concerned would be able to recover sales tax already paid to Government.

In August a reply was received from the Deputy Commissioner of Sales Tax who stated that dealers registered under the Bombay Sales Tax Act, 1946, would be liable to pay sales tax to Government on their sales or supplies made to any department of Government in the same manner as on their sales to any other consumers. Whether such sales tax could be passed on to the Government Departments from whom the contracts were received was a matter to be decided between the dealers and the Departments concerned on the basis of the terms of the contracts. In reply to this the Committee addressed a further letter to the Government of Bombay, Finance Department, drawing attention to the reply they had received from the Deputy Commissioner of Sales Tax and pointing out that this was not a satisfactory answer to the complaint already submitted by them inasmuch as the members who brought the matter to the notice

of the Committee had the following clause in their tender forms :— " The prices are exclusive of Bombay Sales Tax, which if payable will be an extra at the rate of tax ruling on the date delivery was effected." Despite this clause the parties concerned had been instructed to submit supplementary bills for sales tax and had been informed that this would not be paid until a decision was taken on the question which, as mentioned above, was still under correspondence between the Government of Bombay and the Government of India. In view of the very clear condition quoted in the contracts, the Committee informed the Government of Bombay that there was no justification whatever for payment of sales tax being delayed. They, therefore, requested that Government would give this matter their urgent consideration and issued specific instructions that in all such cases sales tax charged in suppliers bills was to be paid at the same time as payment was made for the price of the goods.

## BOMBAY RENT CONTROL BILL, 1947.

The term of the Bombay Rent Restriction Act, 1939, was extended by the Government of Bombay for a further period of one year, i.e., up to the 31st March 1948.

The chief object of the Bombay Rent Restriction Act, 1939, which has been continued from year to year, was to prevent an increase in the rents of premises where the rental did not exceed Rs. 80 per month in areas liable to the Property Tax. The Bombay Rents, Hotel Rates and Lodging House Rates (Control Act), 1944, was intended to check rises in rents and hotel and lodging house rates in areas where, owing to war conditions, there was scarcity of accommodation. This Act will lapse in April 1948 unless re-enacted. A Bill was introduced in the Bombay Legislative Assembly in February 1947 to consolidate and continue the provisions of these two Acts so far as concerned control over the rental and letting of residential and other premises. This Bill has now been replaced by one introduced in the Assembly during October which deals with control of rents of residential and other premises as well as hotel and lodging house rates. A brief summary of the main features of the Bill are given hereunder :

3. The definition of " standard rent " is :—

(*a*) where the standard rent is fixed under the Bombay Rent Restriction Act, 1939, or the Bombay Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944, such standard rent ; or

(*b*) where the standard rent is not so fixed—

(*i*) the rent at which the premises were let on the first day of September 1940, or

(*ii*) where they were not let on the first day of September 1940, the rent at which they were last let before that day, or

(*iii*) where they were first let after the first day of September 1940, the rent at which they were first let, or

(*iv*) in any of the cases specified in section 13,* the rent fixed by the Controller.

4. So far as concerns Bombay City and Suburban District, the Bill applies to premises which are for residential, educational, business, trade, storage or any other purpose notified by the Provincial Government.

5. Any rent in excess of the standard rent is illegal except in cases where it may be periodically increased under any agreement made before the 1st September 1940, or in cases where the landlord is entitled to recover an increase in rent under the Rent Restriction Act, 1939, or the Control Act, 1944, or under the provisions of this new Bill.

6. After the new Bill comes into force a landlord who incurs any expenditure on any reasonable improvement or structural alteration of any premises (excluding decoration or ordinary repairs) may increase the rent of the premises by not more than 6 per cent. p.a. on the amount so expended, and he may also increase the rent by an amount not exceeding any increase he has to pay in rates and taxes.

7. Rent payable by the month over a year or a portion of a year is recoverable only according to the British calendar.

8. In the case of premises let after the 1st September 1940, the Controller may fix the standard rent if he considers the rent at which they are let is too high or too low. He may also fix a standard rent if there is insufficient evidence as to the rent at which premises were let in any of the cases mentioned in paragraph (4) above or where there is any dispute between the landlord and tenant regarding the standard rent.

9. Except as mentioned in paragraph 10 below a landlord will not be entitled to recover possession of any premises so long as the tenant pays or is ready and willing to pay the amount of the standard rent plus any permitted increases and provided the tenant observes other conditions of the tenancy.

10. A landlord is entitled to recover possession of any premises if he obtains a certificate from the Controller certifying, *inter alia*, that

(*a*) the tenant has built any permanent structure on the premises without the landlord's consent;

(*b*) that he has been guilty of causing nuisance or annoyance to neighbouring occupiers;

(*c*) that the condition of the premises has deteriorated owing to any neglect or default of the tenant or anyone residing with him;

(*d*) that the tenant (after this new Bill is in operation) has sub-let or transferred the whole or any portion of the premises without the landlord's permission;

(*e*) that the premises are *bona fide* required by the landlord for occupation by himself or by a son or daughter over 21 years of age, or by his father or mother or any other person for whom under his personal law he is under a legal obligation to provide a residence;

(*f*) that the premises are *bona fide* required by the landlord for the erection of a new building, or reconstruction of, or addition to, an existing building, which work could not be done without the premises being vacated.

*See para 8.

(*g*) that the tenant has sub-let at a rent in excess of the standard rent plus permitted increases or has received any premium or consideration in respect of the premises;

(*h*) that the premises have without reasonable cause not been used for a continuous period of 6 months for the purposes for which they were let.

11. For the purpose of 10(*e*) above a person shall not be deemed to be a landlord unless he has acquired his interest in the premises before the beginning of the tenancy or the 1st January 1947, whichever is the later.

12. If a landlord, or anyone acting for him, receives any sum other than the standard rent plus permitted increases in respect of the granting or renewal of a lease or in consideration of his agreeing to the transfer of a lease, he is liable on conviction to imprisonment for a term up to 6 months and a fine which shall not be less than the amount of the unlawful sum he may have received. A tenant who receives any sum or consideration as a condition for his giving up his tenancy will be liable to similar punishment by imprisonment and fine. A tenant who charges excessive rent to a sub-tenant or takes any premium is also liable to eviction without affecting the rights of his sub-tenant.

13. Any tenant who, before this new Bill comes into operation, has, without the consent of the landlord, sub-let or transferred the whole or any portion of the premises let to him, will be required to furnish to the landlord within one month of a demand made to him, a statement giving full particulars of the sub-let or transfer including the rent he has charged. Failure to supply this statement or the giving of any false information in this regard renders the tenant liable to a fine up to Rs. 1,000.

14. A landlord is required to keep the premises in good and tenantable repair. If he fails within reasonable time to carry out any repairs he is under an obligation to carry out, the tenant himself may make the repairs and deduct the cost from the rent, up to a maximum in any one year of one-twelfth of the annual rent.

15. No landlord may, without the permission of the Controller, use or permit to be used for non-residential purposes any premises which when this Bill is enacted were in use for residential purposes.

16. The Bill also provides that the Controller may fix the fair rates to be charged for board and lodging and other services in hotels and lodging houses and may specify the number of lodgers to be accommodated. Any charge in excess of the fair rate so fixed shall be void.

17. When this Bill is enacted the Rent Restriction Act, 1939, and the Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944, will be repealed, provided that certificates granted and orders made under these two Acts shall be deemed to have been granted or made under the new Act.

18. It is provided that the Act shall remain in force up to 31st March 1950 and the Provincial Government may by notification direct that it shall remain in force for a further period of two years thereafter.

The Assembly referred the Bill to a Select Committee and it was passed on the 3rd November substantially in the form in which it was returned by the Select Committee. The more important alterations made by the Select Committee are noted below:—

1. The definition of a tenant is "any person by whom or on whose account rent is payable for any premises" and it includes *such sub-tenants and other persons as have derived title under a tenant before the coming into operation of this Act.* There is no change in the definition of "standard rent."

2. The section by which a landlord who incurred expenditure on any reasonable improvement or structural alteration to any premises might increase the rent by not more than 6 per cent. p.a. on the amount so expended, has been deleted and a new section has been inserted by which a landlord is entitled to make such increase in the rent of the premises, as may have been agreed between him and the tenant, for any improvement or structural alterations *made with the consent of the tenant given in writing.* The improvements and alterations referred to above do not include repairs which the landlord is bound to make in order to keep premises in good and tenantable repair.

3. The Bill as originally introduced provided that the Controller might in certain cases fix the standard rent. As amended it provides that the *Court may upon application made to it for that purpose or in any suit or proceeding,* fix the standard rent.

In the case of any premises which were first let after the 1st September, 1940, the Court may fix the standard rent if the rent at which they are so let is, in the opinion of the Court, excessive. The original Bill empowered the Controller to fix the standard rent if the rent at which premises were let was, in the opinion of the Controller, excessive or inadequate.

4. Similarly, in regard to the circumstances in which a landlord can recover possession of premises a decree of the Court has now to be obtained instead of a certificate from the Controller.

One condition on which a landlord may recover possession was that the tenant had (after the Act was in force) sub-let or transferred the whole or any portion of the premises without the landlord's permission. This has been amended to read as follows :—

" *that the tenant has since the coming into operation of this Act sub-let the whole or part of the premises or assigned or transferred in any other manner his interest therein.*

The provision in the original Bill that a landlord might recover possession if, in the opinion of the Controller, the condition of the premises had deteriorated owing to any neglect or default of the tenant or anyone residing with him, has been deleted. The provision for recovery of possession if premises are required by a landlord for occupation by his son or daughter has also been deleted and this clause now reads as follows :—

" *that the premises are reasonably and* bona fide *required by the landlord for occupation by himself or by any person for whose benefit the premises are held.*

Even so, no decree for eviction shall be passed on the ground specified in this clause if the Court is of opinion, having regard to all the circumstances of the case, that greater hardship would be caused by passing the decree than by refusing to pass it.

5. An important change has been made by the addition of a new section in the Bill which makes unlawful the sub-letting by any tenant of the whole or any part of the premises let to him or the assignment or transfer in any other manner of his interest therein after the date on which this Act comes into force. It will be noted that *sub-letting with or without the permission of the landlord is now unlawful.* The only reason given by the Select Committee for this important change is that in present circumstances they do not think it desirable to retain for tenants any right to sub-let premises or to transfer or assign a tenancy. It is well known that there have been many cases in which tenants have taken unfair advantage of the right to sub-let, but the drastic alteration now made by which even sub-letting with permission of the landlord is unlawful seems most unnecessary and likely to cause great hardship to tenants in many cases.

Where the interest of a tenant of any premises is determined for any reason, any sub-tenant to whom the premises or any part thereof have been lawfully sub-let *before the coming into operation of this Act* shall be deemed to become the tenant on the same terms.

6. The conversion of residential premises into non-residential premises is prohibited.

7. Among the new provisions in the amended Bill there are the following :—

A landlord or anyone acting for him shall not without just cause, cut off or withhold any essential supply or services enjoyed by a tenant in respect of the premises let to him. Every landlord is required to give a written receipt for any amount received by him in respect of the rent of any premises.

8. If the Court finds in any proceedings before it are false, frivolous or vexatious, it may order that compensation up to Rs. 1,000 shall be paid to the defendant or opponent as the case may be.

9. The authority for fixing fair rates to be charged for board and lodging and other services in hotels and lodging houses is the Controller, as was provided in the original Bill.

The Act received the assent of the Governor-General on 13th January 1948 and will come into force on such day as the Provincial Government shall notify.

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## AN ORDINANCE TO PROVIDE FOR THE REQUISITION OF LAND, FOR THE CONTINUANCE OF REQUISITION OF LAND AND FOR CERTAIN OTHER PURPOSES.

On 4th December 1947 the Government of Bombay published Ordinance No. V of 1947. This was done because it was considered necessary to take immediate action to enable Government to requisition land and to continue requisitions already in force. The Ordinance extends to the whole of the province of Bombay and it came into force on the day it was notified, namely, 4th December 1947.

The following are the main provisions of it :—

1. *Definitions.*—" Land " includes benefits to arise out of land, and premises and all things attached to the earth or permanently fastened to the premises or things attached to the earth.

" Landlord " means any person who is, for the time being, receiving, or entitled to receive, rent in respect of any premises whether on his own account or on account, or on behalf or for the benefit, of any other person, or as a trustee, guardian, or receiver for any other person or who would so receive the rent or be entitled to receive the rent if the premises were let to a tenant; and includes any person, not being a tenant, who from time to time derives title under a landlord; *and further includes in respect of his sub-tenant a tenant who has sub-let any premises.*

" Premises " means any building or part of a building let or intended to be let separately including the garden, grounds, garages and outhouses, if any, appurtenant to such building or part of a building but does not include a room or other accommodation in a hotel or lodging house.

2. *Requisition of land.*—Section 3 of the Ordinance provides that if in the opinion of the Provincial Government it is necessary or expedient to do so, Government may by order in writing requisition any land for any public purpose;

Provided that no land used for the purpose of public religious worship or for any purpose which Government may specify by notification in the official *Gazette* shall not be requisitioned under this section.

It is to be noted that the Ordinance provides for the requisition of land and the definition of land includes premises.

3. Section 4 which gives Government *power to requisition vacant premises* reads as follows :—

(1) If any premises situate in an area specified by the Provincial Government by notification in the official *Gazette* are vacant on the date of such notification and whenever any such premises become vacant after such date either by the landlord ceasing to occupy the premises, or by the termination of a tenancy, or by the eviction of a tenant, or by the release of the premises from requisition or otherwise, the landlord of such premises shall give intimation thereof in the prescribed form to an officer authorised in this behalf by the Provincial Government.

(2) Such intimation shall be given by post within one month of the date of such notification in the case of premises which are vacant on such date, and in other cases within seven days of the premises becoming vacant.

(3) A landlord shall not, without the permission of the Provincial Government, let the premises before giving such intimation and for a period of one month from the date on which such intimation is given.

(4) Whether or not an intimation under sub-section (1) is given, and notwithstanding anything contained in section 3, the Provincial Government may by order in writing requisition the premises and may use or deal with the premises in such manner as may appear to it to be expedient.

(5) Any landlord who fails to give such intimation within the period specified in sub-section (2), shall, on conviction, be punishable with a fine which may extend to one thousand rupees and any landlord who lets the premises in contravention of the provisions of sub-section (3) shall, on conviction, be punishable with imprisonment which may extend to three months or with fine or with both.

4. Any requisitioned land held under the Requisitioned Land (Continuance of Powers) Act, 1947, may be continued under requisition by an order in writing issued by the Provincial Government and, even when released from requisition under the Act mentioned above, or when for any reason it ceases to be subject to requisition, it is provided (by section 5) that it shall continue to be subject to requisition under this Ordinance. Compensation for land so continued under requisition will be determined in accordance with the Ordinance and any rules made thereunder, provided that any agreement or award made in respect of compensation for the period before the land continued to be subject to requisition under the Ordinance will continue in force and will apply to the payment of compensation for the period of requisition under the Ordinance.

5. On release from requisition under the Ordinance any land, which as already mentioned includes "premises," shall be restored as far as possible to the same condition it was in when Government was put in possession of it and Government will pay compensation for any deterioration, except when caused by reasonable wear and tear or irresistible force.

6. When any land is released from requisition the Provincial Government may, after making such inquiry as it considers necessary, specify a person to whom possession of the land shall be given. Such delivery to the person specified will be a full discharge to the Provincial Government but will not prejudice any rights in respect of the land which any person may be entitled by law to enforce against the person to whom the land is delivered.

7. Under section 7 any officer or any person duly empowered by the Provincial Government by general or special order may enter on and inspect any land for the purpose of deciding whether and in what manner an order under the Ordinance should be made in relation to such land, or to secure compliance with any order made.

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## CONTROL OF THE COTTON TRADE.

(*See Report* 1946, *page* 116.)

In September 1946 the Government of Bombay decided that a Committee of the Cabinet consisting of the Ministers for Revenue, Finance and Agriculture, should examine the question of legislating for the further control and regulation of forward trading in cotton in Bombay Province. A questionnaire was issued on the 24th September and the Chamber's reply to the questionnaire is published on page 116 of the Report for 1946.

After considering all the views put forward the Cabinet Committee published its report in April 1947. This report was considered by the Committee of the Chamber who addressed the Government of Bombay expressing their disagreement with the Cabinet Committee's proposals in connection with surveys and appeals. In their letter No. 3791/63 of 29th October 1946 the view was expressed to Government that the system of licensed warehouses was the ideal, and the Committee were therefore pleased to note the recommendation of the Cabinet Committee on this point. The system of licensed warehouses also postulated the appointment of professional surveyors, and although some time must elapse before the necessary warehouses would be available, the Committee were unable to agree that the

interim proposal for an enlargement of the personnel of the Survey and Appeal Committees recommended by the Cabinet Committee was at all a satisfactory method of correcting the present state of the survey system. Neither could they agree that the introduction of machine tests was a desirable or practicable scheme. They were of opinion that the best solution of the problem was the immediate appointment of sworn full-time surveyors and they strongly supported the recommendation in this regard which had been made by the Local Sub-Committee of the Indian Central Cotton Committee.

A Bill to provide for the regulation and control of forward contracts, for prohibition of options and for certain other purposes was published in the *Bombay Government Gazette* dated 6th September 1947.

In the statement of objects and reasons, it was stated that at present Government had no control over forward markets in commodities other than cotton, stocks and shares in consequence of which complaints had frequently been made that there was often excessive speculation in commodity markets the effects of which had proved disadvantageous both to producers and to genuine traders. A complaint had also been made that such control as Government exercised over the cotton and stock markets under the Bombay Cotton Contracts Act, 1932 and the Bombay Securities Act, 1945, had proved ineffective. These Acts provided that forward contracts other than those made through recognised associations were void in law, but experience had shown that such provision did not go far enough to be effective in actual practice. In fact, forward trading took place outside recognised associations and in a manner which was detrimental to the latter.

The Report of the Committee of the Cabinet on the control of forward trading in cotton contained a recommendation that Government should, in order to make its control more effective, take power to impose by-laws on a recognised association in all matters, to nominate the President or one or more members of the Board and to supersede the entire Board of such association if they thought fit to do so. The Cabinet Committee also recommended that contracts not in accordance with the by-laws of a recognised association should not merely be void as at present but be made illegal and the parties thereto rendered liable to punishment and, further, that it should be a penal offence for any person to organise, assist in organising or be a member of any non-recognised association.

The Bill, while consolidating the present law regarding the control of forward markets, also incorporated provisions on the lines recommended by the Committee for tightening up Government controls over such markets. Further, it enabled Government

to extend the Act or certain parts of it not only to cotton, stocks and shares but also to other goods and to such areas as it may specify by notification.

After consulting the Export Sub-Committee the Committee addressed a letter to the Finance Department, Government of Bombay, in the following terms :—

The Committee objected very strongly to the sweeping powers which Government proposed to take by this Bill, which would enable Government, by executive action, to interfere much more than was either necessary or desirable in ordinary commercial transactions. If it was passed in anything like its present form it meant that the provisions of it might be applied to spheres for which they were definitely quite unsuited and possibly result in unsuitable " associations " getting control of various trades.

The Bill also gave Government power to interfere to an undesirable degree in the affairs of a trade association. This applied particularly to clauses 4, 5 and 7.

By clause 4 Government would be enabled to remove the President or a member of a recognised association, appoint another person whether a member of the association or not, to be its President or a member of the governing body and to supersede any governing body. They had the power under the Bombay Cotton Contracts Act to supersede a Board of Directors and to appoint a Board of Control, but only if in the opinion of Government this was necessary in order to secure free trading in the market and to prevent obstruction thereto and interference therewith, and again only after giving the Board of Directors an opportunity to explain why it should not be superseded. The Committee were of the opinion that at the very least it should be provided in this clause that the governing body of an association should first of all be given the opportunity to explain why it should not be superseded.

Government also proposed to take the power to appoint any person to be the President of the governing body of any recognised association. This power, the Committee considered, was unwarranted and should be removed from the Bill.

The rules of an association desiring recognition and its by-laws had to be approved by Government and the Committee therefore saw no need for the very wide powers proposed to be given to Government by clauses 5 and 7. By these clauses they would have the power at any time to add to the rules and by-laws or vary them and to add to, vary or rescind the Articles of Association. Moreover, it was to be noted this might be done without the condition of previous publication if Government so decided.

Clause 8 provided that contracts not in accordance with the by-laws of a recognised association should be illegal and not merely void in law. The Committee had previously objected to such a provision when they addressed Government on proposals for unitary control of the cotton trade and they repeated their objections to this penal provision. They were of opinion that it was sufficient if the disciplinary by-laws of an Association were properly enforced.

Clause 9 made options in goods illegal. The Committee adhered to the view they had previously expressed in regard to the cotton trade, namely, that " Teji-mandi " transactions which were a characteristic of the market and broadened trading should be recognised and brought under proper control and not made illegal. They considered it was a much more practicable proposition to control such transactions rather than attempt to ban them.

Clause 10 made it illegal to organise or assist in organising, or being a member of an association other than a recognised association. This, the Committee had previously objected to and still objected to it. If this clause was passed into law it would mean that traders who found conditions in any recognised body to be intolerable would be debarred from forming any other organisation. The Committee were of the opinion that if traders so desired or found it necessary to form a separate organisation they should be allowed to do this with, of course, the obligation of then satisfying Government that it was worthy of recognition.

The Committee's comments on this Bill were reproduced in the September issue of the Excerpts. The Bill was subsequently referred to a Select Committee who made numerous alterations in it and it was passed by the Bombay Legislative Assembly on 5th November.

The Bill as amended by the Select Committee still gives Government sweeping powers to interfere in ordinary commercial transactions to a greater extent than is either necessary or desirable and many of the objectionable sections still remain in the Bill.

The Committee's view on clause 4 of the Bill which gives Government the power to supersede the governing body of any recognised association was that at the least the governing body should first be given an opportunity to show why it should not be superseded. This provision has been included in the amended Bill and reasonable opportunity will be given unless in the opinion of the Provincial Government an emergency has arisen which renders necessary the immediate supersession of any governing body.

The section giving Government the power to appoint any person to be President or a member of the governing body of any recognised association has been slightly amended. It now provides that the Provincial Government may require an association to provide in its rules that Government may appoint any person, whether a member of the Association or not, to be President or a member of the governing body.

The provision that contracts not in accordance with the by-laws of a recognised association shall be illegal and not merely void in law still finds a place in the amended Bill.

The clause in the Bill by which it would be illegal to organise or assist in organising or becoming a member of any association other than a recognised association has been amended. Such action is now illegal if taken " without the permission of the Provincial Government."

## INSURANCE ACT, 1938.

### AMENDMENT BILL.

(*See Report* 1946, *part I, page* 77.)

The Committee, on examining the Report of the Select Committee dated 5th March and the Bill as amended, observed

that many provisions of the Bill, particularly those which sought to regulate the conduct of insurance business other than life insurance, and which were considered objectionable, still had a place in the amended Bill. The Committee were in agreement generally with the minute of dissent signed by Mr. Ormiston and Mr. Hirtzel, members of the European Group on the Select Committee, and in particular agreed that the remuneration which may be paid to " employers of agents " in life insurance business was too low ; in fact there was no need for any limitation on their remuneration within the overall figures specified in the new section 40A. There was no such limitation in new section 40B except in regard to " insurance agents."

The Committee offered the following comments on some of the clauses of the Bill :—

*Clause* 7.—*New Section* 27A.—The Committee object very strongly to the proposed new sub-section (8) as they do not consider there is any justification whatever for the Central Government to have the right to issue directions to an insurer regarding his investments, whether or not Government consider those investments unsuitable or undesirable, unless any of those investments either in type or extent infringe the provisions of the new section 27.

*Clause* 9.—*New Section* 28*A*.—The period of fifteen days within which an insurer is required to send quarterly returns of any changes in the investments constituting his Indian Life Fund is much too short. It should be thirty days at least. Moreover, the Principal Officer of the insurer who is required to certify the return should be a Principal Officer *in India*, unless a considerably longer time is allowed.

*Clause* 11.—*New Section* 31*A*, *Proviso* (*iv*).—There is no justification for prohibiting the employment, as an officer, of an individual who is entitled by the terms of his contract to receive commission on business procured by him after his employment, which is what proviso (iv) means. The words " before such employment " should be deleted and substituted by the words and figures " before 1st January 1948."

*Clause* 14.—*Insertion of New Sections* 40*A to* 40*D*.—Despite numerous amendments made in this clause many of the provisions in the new sections are objectionable, particularly in relation to business other than life insurance business. I have already stated that my Committee agree with Mr. Ormiston and Mr. Hirtzel that the limit of remuneration to " employers of agents " in life business is too low, and as regards non-life business their view still is that there is no justification for the proposed control of expenditure.

It is frequently the case that life insurance cover is given to an applicant, after approval of the medical report and so on, by means of an " interim cover note " which is issued in advance of the formal policy. It is therefore desirable, if only for the sake of clarity, that the words " interim cover note " should be substituted for the word " policy " at the beginning of sub-section (1) of new section 40A.

The definition of " gross premium income " in section 40B is still unsatisfactory as the result of it is that no provision is made for expenses on facultative reinsurance. My Committee fail to see any good reason for such provision not being made and they trust that every opportunity will be taken to press this point further.

The requirements with which the Chief Agent of a large company has to comply as specified in the new section 40C(a) are much too stringent and in practice it will be found that in many cases an unattainable standard has been set. What it means is that no company with business in force of Rs. 1 crore or more may enter into a contract with a Chief Agent unless it contains the specific provision that the Chief Agent shall employ at least 24 insurance agents each of whom will procure new business in each calendar year amounting to not less than Rs. 10,000. It should be sufficient if the total new business coming through the agency is Rs. 2,50,000 and that 24 insurance agents shall be employed or, if the figure of Rs. 10,000 per agent must be retained, then the number of agents should not exceed twelve.

In view of the fact that the Bill will not be passed until August at the earliest it appears that the dates in the three headings of the second table in new section 40A should be altered to " 1948/50," " 1951/53 " and " 1954/56."

For the reason mentioned above, viz., that the Bill would not be passed before August, the Committee were of the opinion that the date of its enforcement should not, in any event, be earlier than 1st January 1948.

The Bill as it had emerged from Select Committee was in many respects so objectionable and in many others so impracticable that it was difficult to see how Government would ever be able to enforce the provisions of it. It was therefore only reasonable that companies carrying on life insurance business should have the right to contract out of the liabilities imposed by the Bill if they ceased to transact new business prior to the date of enforcement.

The Committee considered there was no point in proceeding with the Bill in present circumstances. It was a long-term measure for the control of insurance on an all-India basis, and the enactment of it would serve no useful purpose if India was to be partitioned.

The Bill was subsequently withdrawn.

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## INDIAN COMPANIES ACT.

### AMENDMENT BILL.

A private member's Bill to amend the Indian Companies Act was considered by the Committee during February and the following letter addressed to the European Group, Indian Central Legislature, sets out the views of the Committee on the suggested amendments :

The Committee of the Chamber have considered this Bill sponsored by Dr. G. V. Deshmukh and they wish to say in the first place that in view of the fact that the Indian Companies Act is at present under examination by the Government of India they see no necessity at all for this private Bill. They trust Government will draw attention to this when Dr. Deshmukh's Bill comes up for consideration.

In case it is proceeded with the Committee offer the following comments on the clauses of it.

*Clause* 2.—This amendment would mean that every company would be required to send to any person, on request, and on payment of not more than Re. 1, a copy of the Memorandum and Articles of Association. The idea is that intending buyers of the company's shares may peruse the Memorandum and Articles.

The Committee consider this should be opposed.

*Clause* 3.—This would require every company with more than 50 members to show in the index to the register the names of all joint holders of shares separately.

The object of this appears to be only to make it easier for the public to trace the names of shareholders.

This is unnecessary and the Committee consider this clause also should be opposed.

*Clause* 4.—This would require the Company's annual List of Members to give details also of all applications for transfers of shares during the year which were refused. In the statement of objects and reasons, it is stated that the policy of acceptance and rejection of transfers should be known to all concerned.

This proposal is most objectionable as Boards of Directors are not required to give any reasons for refusing assent to transfers; in fact thay are always advised not to do so. This clause should be strongly opposed.

*Clause* 5.—An unnecessary amendment.

*Clause* 6.—The effect of this proposed amendment to section 87F is to require a company (other than an investment company) which purchases shares or debentures of any other company under the same managing agency, to lay before the shareholders at every annual general meeting a statement of the purchases of such shares or debentures for their approval.

The object of this is said to be to enable shareholders to have information with regard to investments in the shares of any company under the same managing agents. The Committee agree with this.

*Clause* 7.—This amendment means that if a company makes an issue of further shares, they shall be offered to the existing members, except the holders of redeemable preference shares, in proportion to the existing shares held by such member.

The object of this is to prevent the holders of redeemable shares, which are liable to be paid off in course of time, from acquiring any additional rights.

The Committee see no reason why the holders of redeemable preference shares should not have the opportunity of buying other shares if a new issue is made.

*Clause* 8.—This amendment would allow a "dissenting" Director to add a "dissenting" note to the Directors' Annual Report to the shareholders.

The Committee see no reason why the Directors' Report should state whether it was or was not unanimously approved by the Directors present, but if there were some serious misstatement in a report or any statement which would be likely to mislead shareholders, there seems no good reason why a "dissenting" Director should not have the right to say so in the report.

*Clause* 9.—This would require a company to file with the Registrar copies of the report of the Directors and the Auditors at the same time when the balance sheet and profit and loss account are being filed.

There is no objection to this.

*Clause* 10.—By section 137, if a Registrar, on perusal of any document which a company is required to submit to him, considers that any information or explanation is necessary, he may call for this. The amendment would give the Registrar power to call for further information or explanation if so requested, in writing, by the holders of one-tenth of the issued shares.

There seems no reason for this if clause 9 were adopted, as it would then be necessary to lodge with the Registrar a copy of the report of the Directors and of the Auditors.

*Clause* 11.—The Committee see no reason at all why it should be made obligatory for Auditors to attend the general meeting of a company. They would ordinarily be there, if requested by the Directors to attend.

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## BOMBAY MUNICIPAL LICENCE FEES.

The Chamber received complaints from members regarding the new Table of Licence Fees brought into force from 1st April 1947. Fees in respect of every item in the Schedule with one or two exceptions were double the scale previously in force. In present circumstances the Committee did not object to this but what they considered most objectionable was the imposition of an additional fee based on the quantities of the various commodities stored, in excess of certain specified maxima. They accordingly addressed the following letter to the Municipal Commissioner.

The Committee of this Chamber have received complaints from members regarding the new Table of Licence Fees brought into force from 1st April.

2. The fees in respect of every item in the schedule, with one or two exceptions, are double the scale previously in force. To this the Committee do not raise any objections in present circumstances, but what they do consider most objectionable is the imposition of an additional fee based on the quantities of the various commodities stored, in excess of certain specified maxima. The additional fees prescribed are in many cases, so fantastic that it would seem they have been fixed without any consideration of the adverse effect they are likely to have on the trade of this city. A few examples are noted hereunder :—

| | | *Old Fee.* | *New Fee.* |
|---|---|---|---|
| | | Rs. | Rs. |
| Heavy Chemicals—liquid .. .. | 5,000 galls. | 50 | 980 |
| Do. do. —Non-liquid .. | 100 tons | 30 | 840 |
| Chlorate of Potash .. .. | 100 ,, | 30 | 840 |
| Copra .. .. .. | 500 ,, | 50 | 2,080 |
| Cotton waste .. .. | 500 bales | 30 | 240 |
| Cinema Films .. .. .. | 10,000 lbs. | 200 | 480 |
| Oilseeds .. .. .. | 3,000 tons | 50 | 12,000 |
| Old newspapers .. .. .. | 100 ,, | 30 | 840 |
| Oil (other sorts) .. .. .. | 20,000 galls. | 50 | 400 |
| Paints .. .. .. | 500 tons | Nil if licence is held for Turpentine or Varnish. | 4,040 |
| Turpentine .. .. .. | 10,000 galls | 40 | 800 |
| Varnish .. .. .. | 20,000 ,, | 30 | 1,010 |
| Camphor .. .. .. | 10 tons | 30 | 90 |

3. The quantities stored, which I have assumed for the purpose of comparing the licence fees on the old and new scales, are by no means excessive; some merchants, in fact, have to keep considerably larger stocks than are shown above. For example, it is not uncommon for a dealer in seeds to have 5,000 tons in stock. The new licence fee for such a quantity would be Rs. 20,000 as against Rs. 50 on the old scale. Another example is the case of a manufacturer of paints who, for the purpose of his business, has to store other commodities, such as methylated spirit, linseed oil and turpentine. The new licence fee in this case is approximately Rs. 12,300 compared with the old fee of Rs. 300.

4. I have quoted only a few examples to show the effect of the new levy based on quantities stored in excess of the maxima shown in the schedules. I have already mentioned my Committee do not object to the previous fees being doubled, and they would not object to some further increase of the maxima within reasonable limits, in view of the need of the Bombay Municipality to secure increased revenue. But they consider that the levy on the basis of additional quantities stored is wholly unjustified and they desire to record a most emphatic protest against it. The additional levy has also been imposed on many of the items in Part IV (Trades or operations connected with trade) making these fees for all practical purposes a turnover tax, and to this the objections are equally strong.

5. My Committee request that you will please give consideration to this very important matter at a very early date and that the Municipality will withdraw the objectionable additional levy, if only in the interests of the general trade of Bombay.

Members were subsequently informed by this office circular No. 314/3257 of 6th November, 1947, that in accordance with the Committee's suggestion, maxima had been specified in all cases. The maximum fees now in force for some of the more important commodities are as follows :—

PART II.

| | | Rs. |
|---|---|---|
| Chemicals—Liquid | Subject to a maximum of | 500 |
| Do. —Non-liquid | ,, | 500 |
| Chlorate of Potash | ,, | 300 |
| Cinematograph Films | ,, | 500 |
| Copra | ,, | 250 |
| Cotton Refuse and Waste | ,, | 250 |
| *Cotton Seeds | ,, | 300 |
| Methylated Spirit | ,, | 500 |
| Oil—other sorts | ,, | 500 |
| Oil Seeds other than Cotton Seeds | ,, | 500 |
| Paints | ,, | 300 |
| Turpentine | ,, | 300 |
| Varnish | ,, | 200 |

PART III.

| | | |
|---|---|---|
| Bones | ,, | 100 |
| Charcoal | ,, | 100 |
| Coal | ,, | 200 |
| Coke | ,, | 200 |
| Timber | ,, | 500 |

*Where oil seeds of other kinds are stored along with cotton seeds on the same premises only one licence should be issued in respect of the total quantity, and only one licence fee, viz., that as prescribed for oil seeds should be charged.

| PART IV. | | Rs. |
|---|---|---|
| Cotton | Subject to a maximum of | 250 |
| Cotton Seeds | „ | 150 |
| Soap | „ | 300 |
| Vegetable Oil | „ | 300 |

## MUNICIPAL TOWN DUTIES.

(*See Report* 1939, *page* 175.)

Reference was made in the Chamber's Report for 1939 to a Bill which was introduced in the Provincial Legislative Assembly to give effect to the recommendations of the Municipal Corporation for increasing the town duties on certain commodities. The Bill was subsequently dropped when the Congress Ministry went out of office in September 1939.

In April 1947 a new Bill for the same purpose was introduced and passed by the Assembly. By this Act Schedule H. to the Municipal Act has been deleted and the following new schedule H substituted.

| | *Articles.* | *Maximum rates of Town Duties leviable.* |
|---|---|---|
| 1. | Grain of all sorts | 2 annas per maund. |
| 2. | Flour of all sorts | 75% of the rate for the time being levied on the grain from which the flour is prepared. |
| 3. | Wines and spirits | Re. 1 per imperial gallon. |
| 4. | Beer | 2 ans. per imperial gallon. |
| 5. | Sugar, molasses and *gur* | 12 ans. per cwt. |
| 6. | Ghee | Re. 1 per quarter. |
| 7. | Ghee substitutes (of whatever composition) which are not pure ghee but which resemble pure ghee and are capable of being used as substitutes for pure ghee, including hydrogenated vegetable oil | Re. 1 per quarter. |
| 8. | Timber, exclusive of railway sleepers | 3% of its market value. |
| 9. | Plywood or any other kind of wood prepared by artificial purposes | 3% of its market value. |
| 10. | Firewood | 9 ans. per ton. |
| 11. | Charcoal | Re. 1 per ton. |
| 12. | Tea | Re. 0 0 6 per lb. |
| 13. | Coal | Re. 0 7 0 per ton. |
| 14. | Dates, dry | Re. 0 12 0 per cwt. |
| 15. | Dates, wet | Re. 0 8 0 „ „ |
| 16. | Cement | Re. 1 0 0 per ton. |
| 17. | Iron and Steel | Rs. 2 8 0 „ „ |
| 18. | Paper— | |
| | (*a*) Newsprint | Re. 0 5 0 per cwt. |
| | (*b*) For cards or other like purposes | Re. 1 0 0 „ „ |
| | (*c*) Strawboards | Re. 0 3 0 „ „ |

| *Articles.* | *Maximum rates of Town Duties leviable.* |
|---|---|
| 19. Tinned Provisions, viz., bacon and hams, butter (including canned), fruits (canned or bottled), fish (tinned or canned), cheese (including canned), confectionery, jams and jellies, milk condensed and preserved, including milk cream, all sorts of farinaceous foods, pickles, cocoa and chocolates, biscuits and cakes, lard, fruit juices and all beverages, all kinds of food and drink (e.g. canned or bottled not specifically provided for), whole milk powder, skimmed milk powders .. .. .. .. | 6¼% *ad valorem.* |

Items 1 to 8 and 10 have been in the Schedule for many years. There is no change in the maximum rate leviable on flour, but the other rates have been increased.

All the additional items now in the Schedule, except charcoal, were included in the 1939 Bill referred to above.

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## BOMBAY ESSENTIAL COMMODITIES AND CATTLE CONTROL ACT, 1946; AGRICULTURAL MACHINERY CONTROL OF PRICES ORDER, 1947.

By orders under this Act Government prohibited, *inter alia*, the sale or disposal of certain commodities listed in the Schedule to the Order without the previous permission of the Director of Civil Supplies, Bombay. One of the items included in the Schedule was engines of 5 h.p. and above but not exceeding 60 h.p. which were capable of being worked with diesel or kerosene oil fuel.

Early in December the Committee of the Chamber drew the urgent attention of Government to the difficulties which these orders were causing to importers of oil engines. The manner in which the orders were first issued resulted in a very great deal of inconvenience and dislocation of business. The position was improved a little by the Agricultural Machinery (Control of Prices) Order gazetted on the 21st November but there were still several questions which it was hoped Government would reconsider at a very early date.

The most important point was that although the control was a Provincial measure it applied to engines imported for purposes of stock in Bombay as well as those against specific orders from customers up-country, resident not only in Bombay Province but elsewhere in India. The Committee submitted that it was wholly wrong for the control to be applied to goods imported through the Port of Bombay against orders from customers outside the Province of Bombay. Either such a measure of control

should be a Central measure or goods clearly intended for customers outside the Province should not be subjected to the Control Order at all.

Under the present system there was great delay in the issue of release orders and this was causing some unnecessary loss to importers owing to the lock up of capital, and very considerable inconvenience particularly in connection with godown accommodation. Some importers had in their godowns "frozen stocks" of engines from 10 to 20 times larger than they would normally carry and all of these were urgently wanted by customers in this Province and in other parts of India. The Committee understood that at the rate at which release orders were at present being issued it was likely to take several months to clear the present stocks from Bombay quite apart from further shipments due to arrive. If engines specifically imported for customers outside the Province of Bombay were exempted from the Control Order this would be of some assistance but in any event it seemed clear that the present system required modification in order to ensure that the release orders were issued much more rapidly. It was suggested there should be a definite period, say three weeks after submission of a return to the Director of Civil Supplies, within which the importer should be at liberty to dispose of his stocks at his own discretion, unless within that period of three weeks an allocation order had been issued by the Director of Civil Supplies.

The Committee were informed that many customers whose engines were still "frozen" placed their orders for them two or more years ago and many others, still on importers' waiting lists, had been so registered for more than a year. Apart from other considerations it seemed reasonable to suggest that customers who placed their orders a considerable time ago and who were on the importers' waiting lists should be given preference in the allocation of engines provided they were backed up by some form of Government essentiality certificates.

Another way of easing the situation would be for the importers concerned to be allowed to notify Government as soon as they were aware of any further lots of engines having been shipped and for Government then to issue release orders which would be in the hands of importers and/or dealers before the engines actually arrived here. This would have the further advantage that these engines could then be despatched directly up-country instead of being stored in godowns in Bombay.

Finally the Committee referred to Government's Press Note of the 17th November in which it was stated that all dealers and registered customers must lodge their applications for release orders not later than 30th November. In view of the procedure

which had to be followed for the submission of applications by customers in outlying districts up-country there had been insufficient time for applications to be made, and it was suggested to Government that they should immediately extend this date to the 31st December.

On the 18th December the Supply Commissioner, Bombay, replied to the Chamber's letter in the following terms :—

" The need to increase the production of foodgrains in the Bombay Province in order to make it self-sufficient as early as possible, is most urgent. In order to achieve this objective Government proposes to make as many oil engines available to the agriculturists as possible, for setting up pumping plants on wells, canals, rivers, etc. Although, it is true that the Bombay Port serves as a distributing centre for imported engines for areas outside the Bombay Province, it is felt that the needs of the Bombay Province are so urgent and vital that it would not be inappropriate if the needs of some of the adjoining areas, which are surplus, are not allowed to be fulfilled immediately. However, the minimum needs of the areas outside the Bombay Province are also being met by the issue of permits to importers and dealers in the Bombay Province, against applications certified by the Provincial and State Governments concerned, as being from *bona fide* users. I may add that no control is exercised over goods imported by *direct* importers situated outside the Bombay Province who receive their goods via the Bombay Port.

It is true that there has been some delay in the issue of permits in the initial stages, chiefly due to the time taken for the scrutiny of the documents of importers, necessary for ascertaining the landed costs. Since the issue of the Agricultural Machinery (Control of Prices) Order on the 21st November 1947, such delays have been avoided. Permits are now issued within a reasonable time after an application is received through the recommending officer concerned. The suggestion made in your letter, viz., that importers should be at liberty to dispose of their stocks at their own discretion after the lapse of a specified period during which alone Government should have powers to allocate the stocks to certain consumers, cannot be accepted for the reason that it may happen that a particular type of machine may not be in demand immediately after its import and ultimate users may not send in their applications soon enough. However, in order to alleviate the difficulties of importers in respect of storage accommodation and finance, permission is given for the sale of the machines imported by them to dealers within the Bombay Province on application direct to this Department; stocks with dealers in the Bombay Province are subject to control in the same manner as those of importers.

Government agrees to the suggestion made in paragraph 5 of your letter, viz., that customers who have registered their orders with the importers sometime past, should be given preference in the allocation of the engines agreed to be purchased by them, provided they are *bona fide* users and apply for the necessary permits through the recommending officers concerned.

Government also agrees to the suggestion made in paragraph 6 of your letter, viz., that permits may be issued against stocks which have not yet arrived, the procedure laid down for making applications for ready stocks would not, however, be altered in any respect in the case of permit for stocks which are not ready for delivery.

Government has carefully considered the suggestion contained in para. 7 of your letter, viz., that the last date for the receipt of applications for release orders from persons who have already purchased engines should be extended upto the 31st December 1947. The intention in calling for the applications

before the 30th November was to ascertain which of the sold articles have been purchased by persons other than *bona fide* users so that such articles could be allocated to *bona fide* users who have yet to secure the engines required by them. An extension of this date would mean postponing the ascertainment of the *bona fides* of the persons concerned and consequently some weeks' delay in the allocation of those engines to *bona fide* users. Therefore, the suggestion cannot be accepted."

In a Press Note dated 23rd January the Government of Bombay announced their decision to release all frozen stocks of oil engines between 5 and 60 h.p. as existing on 25th January 1948 which were not required by Government for its own use. Applications for release orders were to be submitted to the Director of Civil Supplies, Bombay giving (1) full particulars of each engine such as make, type, h.p., etc., (2) full names and addresses of clients in cases in which the engines had already been contracted to be sold, (3) the purpose for which each engine was proposed to be used by the intending purchaser, and (4) the date of arrival of each engine in Bombay.

## AGRICULTURAL PRODUCE EXPORT (QUALITY CONTROL) BILL.

The Chamber was advised by the Department of Agriculture that a number of complaints were being received by the Government of India from importing countries that produce exported out of India was not packed on the basis of any standard grades and contained impurities. Consequently this ungraded produce when exported suffered in comparison with similar produce exported from other countries and fetched a lower price. These complaints were marked in the case of sunn hemp and tobacco. Similar complaints were also received in the case of cigarette tobacco dumped in the London markets. The Indian Government Trade Commissioner in Canada referred to the question of the quality of Indian produce in the Canadian markets in his Annual Report of 1945 and expressed the view that it would be highly desirable if these products were to go on the basis of some quality instead of being indifferently packed. Consumers in America and Australia also considered it essential that the produce should be graded and that only good quality stuff should be sent to their countries.

The Government of India considered that as trade was beginning to resume its normal course, it was necessary for an efficient quality control to be exercised on agricultural produce exported out of India. At present the grading of agricultural produce under the Agricultural Produce (Grading and Marketing) Act, 1937, was being done on a voluntary basis except that in the case of sunn hemp and tobacco exports were not allowed except under the "AGMARK standards." This voluntary grading had, in Government's opinion, proved to be unsatisfactory.

For the reasons given above Government proposed to enact legislation in order to cover the cases of export of agricultural produce including sunn hemp and tobacco and such other commodities as could be graded and for which machinery for grading and standardisation had not been tried. It was hoped that by the passing of such a piece of legislation, the quality of agricultural produce exported out of India would be effectively controlled and, as a consequence, the reputation of the produce in importing markets would be enhanced and result in the improvement of India's trade with those countries and in better returns to the producer. According to the terms of the Bill it was proposed to make illegal the export of any commodity in the schedule quoted below, which was not graded or packed as required by the Bill.

Every exporter would be required to take out a licence and to submit monthly to the Agricultural Marketing Officer a record of all agricultural produce exported during the previous month.

Government might specify grade designations and grade designation marks.

Inspectors were to be appointed who would have the right to inspect records of exports to ensure that the commodities had been properly graded.

In submitting their views the Committee stated that they were strongly opposed to the Bill, not only because they considered it another additional and unnecessary hindrance to the export trade of India but also because, if enacted, it would provide another opening for bribery and corruption.

As regards Government's remark that the abnormal conditions arising out of the war no longer existed and trade was beginning to resume its normal course, the Committee pointed out that conditions were far from normal; in fact as a result of continued, and in some cases extended, controls the trade position in India was in many respects more abnormal than during the war. Importing countries naturally wished to receive goods of the highest standard of quality but, according to the information at the disposal of the Committee, it was not official grading of products that they sought, as well established contract terms already existed for all important commodities. What importing countries wanted was to be able to trade with reputable shippers of their own choice. They would then know that they were dealing with shippers who had a reputation to maintain and who would take good care to see that inferior products were not supplied. Under existing conditions buyers in other countries had the greatest difficulty in doing business with shippers of their own choice in India because the control system had resulted in unreliable shippers, many of whom had no previous experience of

the product in which they were dealing, securing quotas and export permits. The Committee expressed the opinion that the proposed Bill would not serve the purpose intended and that the only satisfactory course was the removal of the present export controls.

SCHEDULE I.

1. Sunn hemp.
2. Tobacco.
3. Wool.
4. Cow and buffalo hides.
5. Goat and sheep skins.
6. Kid or lamb skins.
7. Oilseeds.
8. Vegetable oils.
9. Cotton.
10 Rice.

## BILL TO PROVIDE FOR THE STANDARDISATION OF CONTRACT TERMS FOR THE PURCHASE AND SALE OF AGRICULTURAL PRODUCE.

The Department of Agriculture, Government of India, advised the Chamber that Government had under consideration a proposal to provide for the standardisation of contract terms for the purchase and sale of agricultural produce. Government pointed out that legislation of this sort was thought necessary as the terms of contracts used at present differed not only from market to market but quite often from firm to firm. Further, the quality clauses of such contracts were generally of a non-mutual basis favouring the buyer, and as an example Government cited the linseed contract in vogue at Calcutta which provided a 5 per cent. non-mutual basis for refraction. As such, the sellers at that port and in their turn the up-country merchants and the producers gained nothing if their linseed contained less than 5 per cent. refraction. This, in Government's opinion, provided a direct incentive to adulteration. Moreover, the absence of any uniform basis for assessing quality or quoting prices made it impossible for the ordinary seller to compare prices obtaining in different markets and thereby sell at the best price.

With a view to improving trading conditions, standard contracts for wheat, linseed and groundnuts providing quality allowances on mutual basis were drawn up by the Agricultural Marketing Adviser in consultation with the trade in 1936 and in 1937. Joint conferences of the marketing staff and the trade and industries concerned were arranged for this purpose. The standard contracts so drawn were, however, adopted by only a few bodies and Government thought it doubtful whether anyone would be willing to work them on a voluntary basis. Included in the schedule attached to the Bill are wheat, groundnuts and linseed. It was also proposed under the Bill to make it obligatory that all trading in these commodities should be on the basis of the standard contract.

After considering the terms of the proposed Bill, the Committee informed the Government of India, Department of Agriculture, that the proposed legislation was both inadvisable and unnecessary as such matters were better left for Trade Associations to regulate, as these Associations were the best judges of the particular requirements of each trade. They went on to point out that in their opinion the most Government could hope to achieve by such legislation would be the standardisation of contract terms at the major ports, and there would be no possibility of achieving any uniformity in the vast number of markets, large and small, throughout the country where goods were sold for ready delivery in small quantities on a " tale quale " basis.

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## INDUSTRIAL EMPLOYMENT (STANDING ORDERS) CENTRAL RULES, 1946.

(*See Reports* 1944, *page* 165 *and* 1946, *page* 104.)

Reference was made in the Report for 1946 to the Industrial Employment (Standing Orders) Bill which was passed by the Central Legislative Assembly during April 1946.

In October of the same year the Department of Labour, Government of India, published draft rules under the Act, which were considered by the Labour Sub-Committee upon whose recommendation the Committee addressed the Government of India in the following terms :—

" The Committee of this Chamber have studied these Draft Rules and the Model Standing Orders as set out in Schedule I appended to the Rules and they wish to offer the following comments on the Model Standing Orders.

2. *Classification of Workmen.*—Sub-para (*b*) defines a " permanent " workmen as one who has been engaged on a permanent basis and includes any person who has satisfactorily completed a probationary period of three months.

It is considered preferable that the probationary period should be twelve months, which period would coincide with the leave rules under the Factories Act.

3. *Tickets.*—The suggested procedure, my Committee think, is unnecessarily complicated. It is a very general practice to issue one ticket when a worker is first engaged and in normal circumstances this is retained by him throughout his service. It may be added that the single ticket system has worked very well in the ship repair industry and there does not appear to be any justification for the proposed duplication of tickets.

7. *Shift Working.*—One month's notice before discontinuance of a shift is considered excessive and, in the case of an industry where work is of an intermittent nature it would be a definite interference. In some industries it is not possible to say when a shift may be required and it would clearly be quite impossible to give one month's notice prior to the discontinuance of a shift or one week's notice prior to the commencement of a shift. My

Committee consider that two weeks' notice before discontinuance of a shift is adequate and this, moreover, would conicide with the notice period under Rule 13. It would probably be necessary even to give exemption in respect of this period to certain industries where the work is of an intermittent nature.

The Committee observe that when, owing to discontinuance of a shift, it is necessary for any permanent workmen to be discharged they shall be discharged " having regard to the length of their service." Ordinarily that would certainly be the case, but it should not be the only criterion. Any employer would naturally wish to retain the more efficient of his workmen and the rule should be amended to include this consideration as well as length of service.

10. *Casual Leave.*—The fixing of ten days' casual leave in a year is likely to result in practice in a workman availing himself of the full ten days in addition to any other leave which may be granted to him. The Committee consider it is preferable that the grant of casual leave should be left to the discretion of the employer, who can decide each case on its merits.

11. *Payment of Wages.*—It is provided in this rule that unclaimed wages shall be paid by an employer on an unclaimed wage pay day in each week which shall be notified on the notice boards. This, it is considered, is putting an employer to unnecessary trouble. It should be enough to provide that unclaimed wages shall be paid on application by the worker to whom they are due.

14. *Disciplinary Action for Misconduct.*—One of the acts and omissions which shall be treated as misconduct is habitual absence without leave or absence without leave for more than ten days. My Committee consider this period of ten days much too long and that it should be reduced to three days.

In conclusion I have to refer to section 2(i) of the Industrial Employment (Standing Orders) Act wherein a workman is defined as " any person employed in any industrial establishment to do any skilled, or unskilled manual or clerical, labour for hire or reward, but does not include any member of the armed forces of the Crown." The Model Standing Orders now published are clearly not suitable for clerical labour nor for apprentices and my Committee assume that if it is intended to have model Rules applicable to these classes of employees Government will in due course issue a separate set of Rules."

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## TRADE MARKS REGISTRY—OPENING OF BRANCHES.

In February the Chamber received through its representative on the Textile Trade Marks Advisory Committee a copy of a resolution which had been forwarded to the Registrar of Trade Marks, Bombay, by the All-India Handloom Board pertaining to the setting up in Madras of a Trade Marks Registry. It was suggested by the All-India Handloom Board that Madras was one of the largest of the commercial and industrial centres of India besides being the biggest handloom production centre. They went on to suggest that not only should a branch office of the Trade Marks Registry be opened in Madras but also in other places to meet the needs of the handloom industry.

The Committee informed the Textile Trade Marks Advisory Committee that any proposal for the opening of additional branches of the Trade Marks Registry whether in Madras or

elsewhere should be resisted, as the establishment of separate registries was likely to endanger uniformity of decisions in many matters affecting registration of Trade Marks and it was of the greatest importance that this should be avoided.

The Committee recalled that in 1943 the Trade Marks Act was amended to provide for only one Registry at Bombay instead of two—Calcutta and Bombay. The main reason for this was to prevent confusion and conflict that had arisen because two independent Registrars were functioning. Subsequently under strong pressure from Calcutta interests a branch was opened there in charge of an "Officer of Gazetted status," in fact a Deputy Registrar. It was stated at that time that there were approximately 20,000 applications in Calcutta compared with 80,000 in Bombay. As the Registry had been located in Calcutta in the first instance there was some justification for opening a branch there when the main Registry was transferred to Bombay. No facts or figures had been quoted by the All-India Handloom Board in support of their request for the opening of additional branches of the Registry.

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## INDIAN MERCHANDISE MARKS ACT.

### MARKING OF COTTON YARN AND THREAD.

(*See Report* 1946, *page* 66.)

In March, 1947, the Committee submitted the following views to the Department of Commerce, Government of India on the draft Cotton Yarn and Cotton Thread (Marking) Rules, 1947.

"*Rule No.* 6.—This provides that the name of the manufacturer or of the wholesale purchaser in India or, in the case of imported cotton yarn or cotton thread, the name of the exporter shall be indicated in full or, if the name is clearly indicated thereby, in an abbreviated form on each bundle or unit.

In many cases it would be quite impracticable for an exporter's name to be marked on each bundle or unit of imported cotton yarn or thread, and there is no justification for requiring an exporter who may purchase stock from a manufacturer to unpack the goods before shipment and have his name put on each bundle or unit. In respect of imported yarn and thread the Committee consider that the rule should specify 'the name of the manufacturer or of the exporter,' on the analogy of yarn made in India where the name of the manufacturer or the wholesale purchaser has to be shown.

*Rule No.* 7 (2) (*d*).—The rule provides that units of cotton thread wound on reels shall be marked with the required particulars appearing on one or two inscribed labels applied to the end or ends of the reel, provided that all the required particulars shall be contained on one surface. Apparently, this means that both the name of the manufacturer (or wholesale purchaser in India or exporter) and the length or weight must appear on one and the same label.

The usual practice in regard to cotton thread on wooden reels is to affix a label on each end. As the reels are small it is a common practice to show the trade mark and the name of the manufacturer on the ticket at one end of the reel, and the length or weight on the ticket at the other end of the reel. Additional information is also printed on the tickets giving further details of quality and of country of origin, etc. This practice seems to be satisfactory but would not be permitted under the rules framed. The Committee see no reason why both the name of the manufacturer (wholesale purchaser or exporter) and the length or weight should appear on one and the same label. It should be sufficient if the name of the manufacturer, wholesale purchaser or importer appears on the label at one end of the reel and the length or weight on the other end. This will make possible the continued printing of trade mark and other information it is usual to give, and for the information to be printed more prominently.

The words ' provided all the required particulars shall be contained on one surface ' destroy the alternative allowed by the first part of the rule, i.e., that ' the particulars shall appear on one or two inscribed labels applied to the end or ends of the reel.'

The Committee, therefore, consider that in Rule 7 (2) (d) the words ' wound on reels shall be marked with the required particulars appearing on one or two inscribed labels applied to the end or ends of the reels ' should be sufficient and that the remainder of the Draft Rule should be deleted.

The proposed rules make no reference to the question of tolerances. It is generally recognised that it is in fact impossible for manufacturers to supply the exact length or weight marked on goods. The standard practice permits tolerances to cover normal variations in manufacture. It is considered essential that the Draft Rules should specify reasonable tolerances. In 1944 the Technical Committee set up by the Textile Commissioner recommended that the following tolerances should be fixed in respect of thread:

| | | |
|---|---|---|
| (*a*) | for all threads on balls hanks or in units of one hundred yards or less | 10 per cent. on the *average* length or weight of the units in the smallest packet or box |
| | and | |
| (*b*) | for all other makes-up and lengths | 5 per cent. do. |

In the individual unit the yardage or weight of thread will not exceed a variation of more than 15 per cent. in the case of (*a*) and 10 per cent. in the case of (*b*).

The Committee were of the opinion that the present Draft Rules should incorporate these tolerances."

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## BILL TO FACILITATE THE COLLECTION OF STATISTICS OF STOCKS OF INDIAN RAW COTTON IN THE PROVINCE OF BOMBAY.

(*See Report* 1946, *page* 69.)

**The Bombay Statistics Act, 1946, was passed on 26th July 1946. The Act made compulsory the disclosure by all ginning factory owners and merchants of stocks of cotton held at the end of August each year, in place of the voluntary system which, according to Government, had resulted in incomplete and unsatisfactory statistics as a number of ginning and pressing factories**

and dealers in cotton did not furnish the required information. In May, 1947, the *Bombay Government Gazette* published draft rules under the Act. The Committee had no comments to offer on these Rules except in regard to No. 4 which granted officers the right of access, inspection and search into offices and godowns during any time between sunrise and sunset.

The Committee advised the Government of Bombay that they did not consider there was any justification for requiring godowns to be opened at any time between sunrise and sunset and they considered that the words " during any time between sunrise and sunset " should be deleted and substituted by the words " within ordinary business hours which, for the purpose of these Rules, shall be taken as 10 a.m. to 5-30 p.m. (S.T.) "

The suggestion was not, however, accepted by Government and the Rules came into force on 3rd July 1947.

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## BOMBAY SHOPS AND ESTABLISHMENTS ACT.

(*See Report* 1946, *page* 67.)

It was recorded in the Chamber's Report for 1946 (page 67) that the Government of Bombay had appointed Mr. R. R. Bakhale to make an enquiry into the working of the Bombay Shops and Establishments Act and to make recommendations, if necessary, for improving it. The Committee at that time referred to Rule 12(2) which provides that every employer shall maintain a register of employment in Form C or D but that instead of maintaining a register he may exhibit a notice specifying the daily hours to be worked by, and intervals of rest and meals to be allowed to the persons employed. They suggested that where offices or banks were unable to adhere to any fixed midday break for their employees, no action should be taken for such technical infringement of the Act provided, of course, that each employee had intervals of rest totalling not less than one hour in a working day of eight hours.

In June 1947, on account of Mr. Bakhale's ill-health, the Government of Bombay appointed a Committee consisting of Mr. Shantilal Harjiwan Shah, M.L.C., as Chairman, with Mr. Bakhale and Mr. Chimanlal C. Shah as members and Mr. V. P. Keni, Deputy Director of Labour, as Secretary to proceed with the enquiry.

Suggestions and opinions were again invited from the public in connection with the administration of the Act.

The Committee took the opportunity of bringing to the notice of the Enquiry Committee that the Chief Inspector required offices to maintain attendance books for European and Indian

officers and to include such officers in Form D (Register of Employment). In one case, which came to the notice of the Committee, the only officers the Inspector had agreed might be treated as exempted under the provisions of section 4 of the Act were the General Managers and the Manager (one only) of each department.

The Committee in their letter stated that they saw no necessity whatever for this, because in many of the larger offices the senior members of the staff did in fact occupy positions of management even though they may not be General Managers of sole Managers. They, therefore, recommended for the consideration of the Enquiry Committee that the Act should not apply to "officers" and that the definition of an "officer" for the purposes of the Act should be "any person occupying a position of management or whose basic salary was Rs. 400 per mensem or more."

## BILL TO AMEND THE RESERVE BANK OF INDIA ACT, 1934.

A Bill to amend the Reserve Bank of India Act was introduced during the April session of the Central Legislative Assembly. The object of the Bill was to repeal sections 40 and 41 of the Act under which the Bank was obliged to buy and sell sterling without limit of amount between certain specified rates above and below 1*s.* 6*d.* to the rupee. It replaces those sections with a new section requiring the Bank to buy and sell foreign exchange at such rates and on such terms and conditions as the Central Government might from time to time determine. Consequent upon India's membership of the International Monetary Fund, sterling is no longer the sole determinant of the value of the rupee, and the new section enables foreign exchange to be bought and sold in accordance with India's obligations as a member of the Monetary Fund.

The Bill was passed by the Assembly on 8th April 1947.

## THE EXPLOSIVES (TEMPORARY PROVISIONS) ACT, 1947.

Section 2 of the Explosives (Temporary Provisions) Act, 1947, reads as follows :—

"2 (1) The Central Government, if it considers it necessary or expedient so to do may, by notification in the official *Gazette*, declare that such restrictions imposed by or under any law for the time being in force as may be specified in the declaration shall not apply to the loading, unloading, handling, storage or conveyance of ammunition, explosives or inflammable substances, in such circumstances as may be specified.

(2) When a declaration has been made under sub-section (1) the Central Government or any authority authorised by it in writing in this behalf may by order make such provision as appears to it to be required in the interests of safety for regulating the loading, unloading, handling, storage and conveyance of ammunition, explosives and inflammable substances to which the declaration relates."

In May 1947 the Associated Chambers of Commerce of India invited opinions from constituent Chambers on a proposal that the Association should approach the Central Government with a view to ensuring that the notification contemplated under section 2 of the Act was published in every case and that publication took place a reasonable length of time ahead of the event.

The Committee replied that they agreed the proposal should be made to Government.

The proposal was represented to the Government of India who replied that steps had already been taken to enforce stringent pecautionary measures at the ports and to issue warnings to the public sufficiently in advance whenever ammunition and other cargoes were handled in contravention of the normal port rules.

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## BILL TO PROVIDE FOR THE REGULATION AND LICENSING OF WAREHOUSES IN THE PROVINCE OF BOMBAY.

A Bill to provide for the Regulation and Licensing of Warehouses in the Province of Bombay was published in the *Bombay Government Gazette* dated 5th September 1947.

The Bill was drafted on the lines recommended by the Reserve Bank and the object of it was to encourage the establishment of independent warehouses for the storage of agricultural produce and to provide for their supervision and control. The receipt issued by the licensed warehouseman would serve as collateral security for short-term loans at a low rate of interest and would be transferable by endorsement. The Reserve Bank would be prepared to advance money through Provincial and other Co-operative Banks for the purpose of lending against produce so stored, with a view to removing from agriculturists the necessity of disposing of their produce at unfavourable rates.

The Bill was considered by the Committee of the Chamber who welcomed it as a desirable measure but commented on one or two points.

The definition of a "warehouseman" means a person or firm carrying on the business of storing goods on behalf of depositors and issuing receipts therefor; and clause 3 of the Bill specified that, subject to the provisions of section 11, no

person shall without a licence carry on the business of a warehouseman. The Committee assumed that this Bill was not intended to be made applicable to importers, exporters and banks who held goods in their godowns on behalf of their constituents. In the ordinary course of their daily business, importers, exporters and banks took into their godowns goods which were the property of their constituents and over which they might have a lien for the whole or part of the value. Further, apart from any lien they might have over the goods, it frequently happened nowadays, particularly in the case of imported goods, that the actual owner of the goods asked the importer to continue to store them in his godown even when they were paid for. The Committee, therefore, considered this should be made clear in the Bill, which could conveniently be done by adding to the definition of a warehouseman, words to the following effect :—

" but does not include a person, firm or company holding goods in hi own godown on behalf of his constituents."

Clause 19(1) specified that every warehouseman should insure in such manner as may be prescribed the goods stored in his warehouse... There should be an addition to this clause to provide that it should not be incumbent on the warehouseman to insure any goods which a depositor had himself insured. The depositor should have the right to arrange his own insurance as in some cases the goods which he deposited with a warehouseman might be insured under a comprehensive policy.

Clause 29 dealt with the issue of duplicate receipts in the event of the original receipt being lost or destroyed. As warehouseman's receipts are, by the provisions of clause 28, made transferable by endorsement, the conditions on which a duplicate might be issued are of great importance and the Committee, therefore, considered it would be preferable for such conditions to be specified in the Bill instead of being dealt with in the rules.

This Bill was subsequently introduced in the Legislative Assembly and was passed by that body on the 4th October.

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## BILL TO REGULATE CERTAIN PAYMENTS AND DEALINGS IN FOREIGN EXCHANGE AND SECURITIES AND THE IMPORT AND EXPORT OF CURRENCY AND BULLION.

(*See Report* 1946, *page* 52.)

A reference was made in the Chamber's Report for 1946 to this Bill which embodied the financial provisions of the various Defence of India Rules by which transactions in foreign exchange, sale and transfer of securities, etc., were controlled during the

war, but with certain modifications and amendments which experience of the last six years had shown to be desirable in the interest of clarity.

The Bill was referred to a Select Committee whose report was presented to the Central Assembly on 3rd February 1947. The Select Committee while appreciating that the regulation of dealings in foreign exchange would be necessary for some years to come did not consider that the Bill should purport to be a permanent measure. They, therefore, proposed that the legislation should be for five years in the first instance and that Government should be empowered to extend that period by a further period not exceeding three years.

This amendment was accepted by the legislature and the Bill was passed by the Assembly on 10th February and received the assent of the Governor General on the 11th March.

Members were advised by this office circular No. 250/859 of 10th April of some of the directions by the Central Government and the Reserve Bank of India in the exercise of the powers under this Act which were published in the *Gazette of India Extraordinary*, dated 25th March. These directions are reproduced for purposes of record.

*No.* 12(13)-*FI*/47.—Any person resident in British India who owns or who may hereafter become the owner of any foreign exchange whether held in British India or abroad, expressed in the currency of the U.S.A. and the Philippine Islands, is required by 25th April to offer such foreign exchange for sale to an authorised dealer against payment in rupees. This order does not apply to exchange held by authorised dealers or to persons authorised by the Reserve Bank to hold foreign exchange for business or other purposes, or to persons not being subjects of His Majesty or any Indian State, who have obtained the permission of the Bank in this behalf.

*No.* 12(14)-*FI*/47 and *No.* 12(16)-*FI*/47.—These prohibit the export of goods to territories specified in the Schedule, unless the necessary formalities are complied with to ensure that the full export value of the goods will be disposed of in a manner specified by the Reserve Bank. Among the countries in the Schedule are the U.S.A., Philippine Islands, Central America, Canada and Newfoundland, Argentina, Greece, Sweden, Turkey, China and Siam.

*No.* 12(15)-*FI*/47.—Residents in British India who are owners of securities in respect of which the principal or interest or any dividends are payable in the curreney of the U.S.A. and the Philippine Islands are required to give particulars of such securities to the Reserve Bank within one month.

DIRECTIONS OF THE RESERVE BANK.

1. Restrictions on dealings in Foreign Exchange—*Section* 4(1) *of the Act.*

2. Restrictions on payments to, or for the credit of persons outside India—*Section* 5(1).

3. Duty of persons entitled to receive foreign exchange or to receive from a person resident outside India a payment in rupees—*Section* 10(1).

4. Regulation of export and transfer of securities and transfer of securities from a registor in British India to a register outside India.—*Section* 13(1) *Clauses* (*b*), (*c*) *and* (*d*).

5. No person resident in British India may, except with the permission of the Reserve Bank, settle any property, otherwise than by will, upon any trust under which a person who is resident outside India elsewhere than in territories notified in this behalf will have an interest in the property, etc.—*Section* 17.

6. Restrictions on persons resident in British India lending money to any company, except a banking company, which is controlled by persons resident outside India, elsewhere than in the U.K. and territories to be notified.—*Section* 18(2).

The following countries and territories have been scheduled as countries and territories to which the restrictions and prohibitions referred to in Items 1 to 6 above shall not apply :

(1) The United Kingdom.
(2) Any Dominion within the meaning of the Statute of Westminster 1931, except Canada and Newfoundland.
(3) Any part of His Majesty's Dominions not being a Dominion within the meaning of the Statute of Westminster 1931 or a part of such a Dominion.
(4) Any British Protectorate or British Protected State.
(5) Any territory held by His Majesty's Government in the United Kingdom or in any Dominion in respect of which a mandate on behalf of the League of Nations was accepted by His Majesty, or which is held in trust on behalf of the United Nations by that Government.
(6) Egypt.
(7) The Anglo-Egyptian Sudan.
(8) Iraq.
(9) Transjordan.
(10) Iceland.
(11) The Faroe Islands.

7. Any person who has been resident in India but who leaves India and becomes resident in any country or territory specified in the Schedule shall be treated as resident in the country or territory to which he has gone. —*Section* 20.

The countries and territories scheduled under this section are the same as those noted above.

8. Currency notes or Bank notes, other than unissued notes and Bank of England notes, may be brought into British India without limit provided the required declaration is made to the Customs Authorities at the time of arrival of the person bringing in the notes.

9. Bank of England notes to the value of £20 may be brought into India provided the necessary declaration is made to the Customs Authorities at the time of arrival.

10. Any person may take out of British India at any one time or despatch by post, precious stones or jewellery, other than articles made wholly or mainly of gold to the U.K., any Dominion except Canada and Newfoundland and any territory held by H.M.G. under mandate of the League of Nations without limit.

On 8th July the Reserve Bank cancelled the earlier notifications which gave general permission for the making and receipt of payments and the maintenance of accounts in Sterling Area currencies and exempted payments to and transactions with

residents of the Sterling Area from the restrictions imposed by Section 5 of the Foreign Exchange Regulation Act, 1947. These notifications were replaced by three new notifications, Nos. FERA 22/47-RB, 23/47-RB, 24/47-RB. An extract from the Reserve Bank of India's circular in connection with these notifications is reproduced hereunder.

"*FERA.* 22/47-*RB.*—This gives general permission for the maintenance of and operations on existing accounts in sterling area currencies held by persons domiciled in India, i.e., Indian nationals and other persons domiciled in India as opposed to European British subjects or foreign nationals, whose domicile is their own country and not India. The opening of new accounts in sterling by persons domiciled in India now requires the prior approval of the Reserve Bank.

"*FERA.* 23/47-*RB.*—This gives general permission for the maintenance of and operations on an account expressed in any foreign currency other than U.S. dollars and Philippine pesos by a person in or resident in British India but not domiciled in India. This has the effect of giving general authority to any non-Indian to maintain and operate an account in his own currency. U.S. dollars has been excluded as that currency has been covered by a vesting order.

"*FERA.* 24/47-*RB.*—As operations on a foreign currency account must involve payments to non-residents, this notification gives general permission for such payments from accounts maintained in accordance with the previous notifications."

"The reason for removing the freedom of transactions with other sterling area countries is in order to prevent transfers of capital from India to the United Kingdom or other sterling area countries, pending the completion of new arrangements for sterling transactions which are at present under discussion in London."

On 25th August the Reserve Bank issued a circular setting out new regulations which came into force on 1st September 1947. Extracts from this circular are as follows:

"(1) India is still a member of the sterling area and is a 'scheduled territory' as defined by the British Exchange Control Act, 1947.

"(2) Applications to make remittances of a current nature (in connection with trade and commerce, travel, dividends and personal allowances) to other sterling area countries will be treated in the same manner as applications for remittances to non-sterling area countries.

"(3) In India the term 'non-resident' now includes the accounts of banks and correspondentts situated outside India even if they are within the sterling area.

"(4) Sales of sterling and sterling area currencies in payment of imports into India are subject to the same conditions as sales of foreign currencies as laid down in Section IX of the Exchange Control Manual.

"(5) Remittances against imports into other sterling area countries outside India and finances in India will in future require the prior permission of the Reserve Bank and this will only be given if evidence is also submitted that a remittance in payment has been received from the importing country.

"(6) Applications to make remittances against sales of consignment goods which are not covered by bills of exchange which ordinarily would pass through the hands of authorised dealers are to be referred to the Reserve Bank who will make special arrangements to enable such remittances to be continued.

"(7) Offices which have been in the habit of remitting round sums at intervals to their offices in the U.K. should apply to the Reserve Bank for arrangements to be made so that they can continue such remittances on the existing basis.

"(8) Remittances of freight on account of sterling steamship companies will be subject to the same conditions as remittances of freight in U.S. dollars or other foreign currencies. A statement of freight and passenger earnings has to be submitted to the Reserve Bank.

"(9) Remittances in respect of salaries of foreign agents and expenses of overseas branches will in future require a permit from the Reserve Bank.

"(10) Applications by insurance companies for remittance of 'surplus funds' must be referred to the Reserve Bank.

"(11) Private remittances by nationals of the sterling area temporarily resident but not domiciled in India, for such purposes as the support of families, payment of insurance premiums, etc., may be permitted by authorised dealers in any currency of the sterling area up to £150 in the aggregate per month by each individual without the prior approval of the Reserve Bank.

"Applications for remittances in sterling or sterling area currencies by Indian nationals and persons domiciled in India will be treated in the same manner as applications for foreign currencies. Persons making regular remittances for the support of relatives in the sterling area have to apply to the Reserve Bank for a permit to continue such remittances.

"(12) Remittances of capital assets (including sale proceeds of shares, estates, properties and business partnerships, also provident funds and gratuities) to the sterling area by non-Indians of U.K. or sterling area origin at the time of retirement, or by persons permanently resident in any sterling area country, may be approved by authorised dealers provided the total remittance including bank balances, does not exceed £1,000 in any one case. For remittances in excess of this amount applications must be referred to the Reserve Bank. In all cases full details of what comprises the remittances must be given in the application form.

"(13) Transfers of savings in excess of £150 and of capital assets referred to in (12) above, unless made at the time of retirement, require the prior sanction of the Reserve Bank. Ordinarily sanction for such remittances will only be given on submission of satisfactory evidence that the amount transferred is to be used for investing in securities or real property.

"(14) Remittances to any part of the sterling area of pensions, dividends and interest on securities held by a resident of a sterling area country other than India may be made by authorised dealers without limit.

"(15) Sales of sterling area currencies to nationals of the sterling area to enable them to visit countries within the sterling area may be made on the same basis as leave remittances, i.e., the transfer of leave salaries or current income will be allowed in full.

"In the event of a sterling area national wishing to visit countries outside the sterling area the same rules will be applicable as in the case of such journeys by Indian nationals, (see (16) below). The allowance of £400 for travel outside the sterling area would have to be deducted from any leave salary or current income remitted to a sterling area country.

"(16) For Indian nationals and persons domiciled in India the same conditions will apply to the sale of foreign exchange for travel within the sterling area, as to travel outside it. The new limits are as follows:—

"(*a*) For journeys to any country in Europe (including the U.K.), Africa, Australia, and Eastern Asia (excluding Ceylon, Burmah, Malaya and the Dutch East Indies) £100 per month per adult and £50 per month

per child for a period of 4 months not oftener than once in 3 years, making a total of £400 per adult and £200 per child every 3 years calculated from 1st September, 1947.

"(b) The rule of £75 per adult and £40 per child for the U.S.A., Canada and the American account zone, still remains.

"(c) For travel to the following non-sterling countries—Iran, Saudi Arabia and Dutch East Indies, and the following sterling area countries—Ceylon, Malaya, Burma, Iraq, Aden and Persian Gulf Ports, an annual limit of Rs. 1,000 per adult and Rs. 500 per child for visits to all the territories mentioned above is permitted. This limit may be in addition to the £400 allowed every 3 years for journeys to Europe and the other countries mentioned in (a) above.

"(17) The same rules apply to nationals of the sterling area who wish to make journeys to Iran, Saudi Arabia and the Dutch East Indies. In respect of journeys to Ceylon, Malaya, Burma, Iraq, Aden, and Persian Gulf Ports, remittance of full leave salary or current income will be allowed."

In a further circular dated the 7th October the Reserve Bank of India stated that owing to shortage of U.S. dollar exchange and the necessity of conserving expenditure in other non-sterling area currencies the limits for sale of foreign currencies for purposes of travel have to be further modified. The new limits are noted hereunder:

| Type of traveller. | Country to which travelling. | Permissible exchange. |
|---|---|---|
| A. Indian Nationals.. | (1) All countries inclusive of those in the sterling area, but excluding those stated in (2), (3) and (4) below. | £100 per month per adult and £50 per month per child, available for a period of 4 months not oftener than once in three years making a maximum of £400 per adult and £200 per child every three years plus allowance for return fares. |
| | (2) Switzerland .. | £75 per adult and £35 per minor to be deducted from the limit of £400 per adult and £200 per child every three years for countries in item (1). |
| | (3) The Continent of America and the Philippine Islands. | *Nil.* |
| | (4) Iran, Iraq, Saudi Arabia, Ceylon, Burma, Malaya and the Dutch East Indies. | Rs. 1,000 per adult and Rs. 500 per child per annum plus allowance for return fares. (This is in addition to the £400 limit for other countries.) |

| Type of traveller. | Country to which travelling. | Permissible exchange. |
|---|---|---|
| B. Sterling Area Nationals. | (1) Countries in the sterling area. | Leave salaries and current income. |
| | (2) Continent of America and the Philippine Islands. | *Nil.* |
| | (3) Iran, Saudi Arabia, and the Dutch East Indies. | Rs. 1,000 per adult and Rs. 500 per child per annum. |
| | (4) All other countries.. | £75 per annum. (This allowance may be drawn for any country or countries, but must not exceed £75 in all.) |
| C. Other Foreign Nationals. | To all countries whether inside the sterling area or outside it. | Rs. 5,000 per adult and Rs. 2,000 per child in the currency of a country in the sterling area or in the traveller's country of domicile. |

*Business Journeys.*—Applications for journeys on business grounds must be referred to the Reserve Bank of India. The allowance for travel in the Continent of America and the Philippine Islands is at the rate of £10 per day and for other countries including those in the sterling area at the rate of £8 per day.

*Travel for Reasons of Health.*—Applications for journeys on medical grounds both by Indian nationals and nationals of the sterling area must be referred to the Reserve Bank. If the applicant is proceeding to a country in the sterling area, the application must be supported by a certificate from the Presidency Surgeon that the illness is sufficiently serious to justify treatment outside India. If the applicant wishes to proceed outside the sterling area a certificate signed by the Surgeon-General that the necessary medical treatment is not available either in India or in any other country in the sterling area must be submitted.

## FINANCIAL AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF INDIA.

The following provisions of the Financial Agreement between the Governments of the United Kingdom and India, dated 14th August 1947, are reproduced for purposes of record :

LONDON, 14*th August* 1947.

" The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as ' the Government of the United Kingdom ') and the Government of India.

Being desirous of making a temporary arrangement for dealing with the sterling balances of India.

Have agreed as follows:—

ARTICLE I

For the purposes of this Agreement the sterling assets of the Reserve Bank of India shall be taken at the figure of £1,160 million.

ARTICLE II

1. The Reserve Bank of India shall open with the Bank of England a new account (hereinafter referred to as the 'No. 2 Account') to which the balance of the total assets referred to in Article I above, remaining at the close of business on the date of the signature of this Agreement, shall be transferred.

2. The No. 2 Account of the Reserve Bank of India shall be operated upon in accordance with the provisions of Article VI of this Agreement and any sums standing to the credit of the said Account shall be available only for the purposes prescribed in that Article.

ARTICLE III

1. There shall also be established at the Bank of England in the name of the Reserve Bank of India a new account (hereinafter referred to as the 'No. 1 Account') to which any sterling received after the date of this Agreement by the Reserve Bank of India in respect of current transactions and any sums transferred from the No. 2 Account shall be credited.

2. The Government of the United Kingdom shall not restrict the availability of sterling standing to the credit of the No. 1 Account for payments for current transactions in any currency area or for the purpose of any payment to residents of the sterling area.

ARTICLE IV

1. There shall be transferred forthwith from the No. 2 Account to the No. 1 Account £35 million less the amount by which the total of the Reserve Bank of India's sterling balances, as established by Article I of this Agreement, exceeds the amount transferred to the No. 2 Account in accordance with paragraph 1 of Article II of this Agreement.

2. There shall also be transferred from the No. 2 Account to the No. 1 Account the equivalent of any sums paid from the No. 1 Account after the 15th July 1947 in respect of:—

(i) the transfer of ownership of military stores, equipment and fixed assets in India from the Government of the United Kingdom to the Government of India on the 1st April 1947;

(ii) the settlement of any matters outstanding under the Defence Expenditure Plan and of any other accounts relating to transactions which were connected with the war and took place prior to the 15th July 1947;

(iii) payments outside India as a result of Agreements for the release of assets which were vested in the Indian Custodian of Enemy Property;

(iv) pensions paid outside India by or on behalf of the Government of India or any Provincial Government in respect of which an eventual capitalisation scheme is contemplated;

(v) such other items as the two Governments may agree.

3. There shall be transferred from the No. 1 Account to the No. 2 Account the equivalent of any sums paid into the No. 1 Account after the 15th July 1947 in respect of:

(i) the settlement of any matters outstanding under the Defence Expenditure Plan and of ony other accounts relating to transactions which were connected with the war and took place prior to the 15th July 1947;

(ii) such other items as the two Governments may agree.

ARTICLE V

1. In addition to the transfer provided in paragraph 1 of Article IV of this Agreement there shall also be transferred forthwith from the No. 2 Account to the No. 1 Account a sum of £30 million as a working balance which may be drawn upon from time to time to meet any temporary shortage in India's available means of payment abroad.

2. The level at which the working balance provided for in this Article has been maintained during the currency of this Agreement shall be taken into consideration in the consultations referred to in Article XI of this Agreement in the light of such data as may then be provided.

ARTICLE VI

(*a*) The No. 2 Account referred to in Article II of this Agreement shall be credited with:—

(i) the assets referred to in Article II of this Agreement including the proceeds thereof at maturity or on realisation;

(ii) the proceeds at maturity or on realisation of any investments purchased in accordance with established custom with funds standing to the credit of the No. 2 Account;

(iii) transfers from the No. 1 Account, being transfers provided for in paragraph 3 of Article IV and paragraph 2 of Article VIII of this Agreement;

(iv) such other transfers as may be agreed between the two Governments.

(*b*) The No. 2 Account shall be debited with:—

(i) transfers in accordance with paragraphs 1 and 2 of Article IV and paragraph 1 of Article V and paragraph 2 of Article VIII of this Agreement;

(ii) payments in respect of investments made in acordance with established custom;

(iii) such other transfers as may be agreed between the two Governments.

ARTICLE VII

The Government of India shall not restrict:—

(*a*) the acceptance by residents of India, in settlement of payments for current transactions, of sterling at the disposal of residents outside India;

(*b*) the availability of any Indian rupees arising from permitted current transactions and accruing to residents of the sterling area for any payments inside India or for the purchase of sterling.

ARTICLE VIII

1. Such transfers of capital from India to the rest of the sterling area and *vice versa* as may be agreed between the Reserve Bank of India and the Bank of England shall be subject to the provisions of paragraph 2 of this Article.

2. The Reserve Bank of India and the Bank of England shall consult together at agreed intervals in order to establish by reference to the best statistical data available to them the net capital movement from India to the other countries of the sterling area, or *vice versa* as the case may be, resulting from the agreed transfers of capital. Thereafter an amount equal to the net capital movement so established shall be transferred from the No. 2 Account to the No. 1 Account if the movement is one from India to the other countries of the sterling area or from the No. 1 Account to the No. 2 Account if the movement is in the reverse direction.

3. Notwithstanding anything in this Article the two Governments shall not restrict transfers of capital from India to the United Kingdom representing :—

(*a*) remittances of savings belonging to persons of United Kingdom origin leaving India in order to take up permanent residence in the United Kingdom ; and

(*b*) the voluntary repatriation of investments by persons regarded as resident in the United Kingdom for purposes of exchange control in the United Kingdom.

4. Transfers of capital falling within the description in sections (*a*) and (*b*) of the preceding paragraph shall be included in the computations for which paragraph 2 provides.

## ARTICLE IX

1. The two Governments shall as often as may be necessary consult together with a view to ensuring the smooth working of the present Agreement.

2. The Reserve Bank of India and the Bank of England shall be entrusted with the technical execution of this Agreement and shall consult together as often as may be necessary in order to ensure its smooth working.

## ARTICLE X

For the purpose of the present Agreement—

(*a*) in relation to events happening on or after the 15th August 1947 references to the Government of India shall be construed as references to the Governments of both the new Dominions set up by the Indian Independence Act, 1947, or to the Government of either of them, as the circumstances require, and the expression " India " shall continue to denote the territories included in that expression immediately prior to the 15th August 1947 ;

(*b*) the expression " sterling area " shall have the meaning from time to time assigned to it by the Exchange Control Regulations in force in the United Kingdom. After the coming into force in the United Kingdom of the Exchange Control Act 1947, the expression " sterling area " wherever it occurs in the present Agreement shall be deemed to have been replaced by the expression " scheduled territories " which shall have the meaning from time to time assigned to it in the aforesaid Exchange Control Act, 1947 ;

(*c*) the expression " payments for current transactions " shall have the same meaning as in Article XIX (i) of the Articles of Agreement of the International Monetary Fund ;

(*d*) in paragraph 2 of Article IV the expression " pensions " shall have the meaning assigned to it in the Indian Independence Act, 1947.

ARTICLE XI

The present Agreement shall come into force on the 14th August 1947. It shall terminate on the 31st December 1947. Further consultations shall be held before the termination of this Agreement with a view to extending it or replacing it by another Agreement or other Agreements."

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## CONTROL AND REGULATION OF THE BULLION TRADE.

In May 1947 the Government of Bombay published a Press Note on the question of controlling and regulating the bullion trade in the Province; in particular forward trading in bullion. With the Press Note Government published a questionnaire and invited replies to it to be sent to the Finance Department, Secretariat, Bombay. The questionnaire was considered in consultation with the Finance Sub-Committee. The questions asked and the opinions which the Committee expressed in their letter of 24th June to the Bombay Government were as follows:—

*Question* 1.—Are you in favour of control by Government on forward trading in bullion? If so, should it be restricted to certain areas or extended to the whole Province?

*Answer.*—Government should control forward trading in bullion in the whole of the Province.

*Question* 2.—In what way should the control be exercised?

*Answer.*—Government should lay down standard terms for forward contracts in bullion and make standard rules and by-laws for the Associations dealing in such contracts. Government should also take power to recognise all Associations in the Province, and they should ordinarily be recognised provided they adopt the standard rules and by-laws. Any contracts, other than standard contracts, should be declared illegal. It follows that if Government take power to recognise Associations they would have the power to supersede the Board of any Association which did not conform to the standard rules and by-laws.

Inasmuch as bullion is not a commodity like cotton or seeds, there is no point in copying the types of contract prevalent in those markets. Bullion is essentially an international yardstick for the measurement of values, and the contract for it must be on a different footing. The London contract might, with advantage, be adopted in Bombay. In view of the answer given above, questions 2 (i), (ii) and (iii) do not arise.

*Question* 3.—Do you consider there should be only one recognised Association for forward dealings in bullion?

*Answer.*—My Committee see no reason for restricting the number of Associations in the Province, provided they adopt the standard contract laid down by Government.

*Question.* 4.—If only one Association is recognised by Government, are you in favour of a new Association being formed for such recognition? If not, which of the existing Associations and with what modifications in its constitution do you recommend for recognition?

*Answer.*—The existing Associations should be recognised and Government after tendering advice should leave it to the Boards themselves to make such modifications in their constitution as may be necessary to conform to the standard rules and by-laws.

*Question* 5.—In what respects are the different forward contracts in bullion, now operating in Bombay, defective ?

*Answer.*—The chief defect in the existing forward contracts lies in the absence of adequate provision for the actual delivery of the metal. This, in turn, leads to increased speculation. The actual delivery of the metal should be compulsory in all circumstances, whether or not there are restrictions on private imports of bullion.

*Question* 5.—(i) Should the contract provide for buying and/or selling on account ?

*Answer.*—Yes, if it is the same as what is known as " auctioning."

*Question* 5.—(ii) What should be the period of the contract ? Should only one contract operate at a time ?

*Answer.*—The contract period should be one month and two months forward trading should be permitted at a time. Further details as to the working of the contracts should be left to the Associations concerned.

*Question* 5.—(iii) (*a*) Should there be provision for a declaration of emergency including bear raid or squeeze ?

*Answer.*—No. This has led to considerable trouble in the past.

*Question* 5.—(iii) (*b*) If so, by whom and in what manner should the commencement and termination of emergency be decided, etc.?

*Answer.*—In view of the answer given to (iii) (*a*) above this does not arise.

*Question* 6.—What suggestions have you to make for the proper enforcement of rules and by-laws ? Do you think the inclusion of a representative of Government and the Reserve Bank on the Board of Directors would help to ensure proper enforcement ?

*Answer.*—If the Board of Directors referred to is the managing body of each of the Associations in the Province then my Committee think that where practicable the inclusion of a representative on the Reserve Bank on each of these bodies would make for confidence on the part of the public. But once the standard rules and by-laws are laid down and the contracts formulated, Government should not further interfere in the routine working of the Associations.

## INDIAN COINAGE (AMENDMENT) BILL.

A Bill to amend the Indian Coinage Act, 1906, was introduced in the Assembly during February 1947. The object of the Bill was to amend the Indian Coinage Act to allow the minting of nickel rupees and eight-anna coins. The reasons for eliminating silver from the coins were explained in the statement of objects and reasons as follows :—

(*a*) Under modern conditions when the nature of coins as tokens of value was well understood it was unnecessary and wasteful to use a metal of high value like silver for coinage.

(*b*) A large section of the public in India had already got used to and preferred the paper rupee and to the extent to which a metallic rupee was still in demand the need for it could be met by using a metal like pure nickel which was in many ways far superior to silver for coinage purposes.

(*c*) Most advanced countries including the United Kingdom had now ceased to use silver for their main coins.

(*d*) The elimination of silver from the rupee coin would also facilitate the return of the Lease-Lend silver to America and might enable Government to control speculative rise of silver prices in India should occasion arise.

The Committee agreed with the provisions of the Bill which was passed on 10th April 1947 and received the assent of the Governor-General on the 18th April 1947 (Act No. XXVIII of 1947).

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## NEGOTIABLE INSTRUMENTS ACT, 1881 AND THE INDIAN LIMITATION ACT, 1908.

On 27th December 1947 the Government of India promulgated an Ordinance (XXXI of 1947) to amend temporarily the Negotiable Instruments Act 1881 and the Indian Limitation Act 1908, which is reproduced for the information of members.

*Amendment of the Negotiable Instrument Act*, 1881.—After section 75A of the Negotiable Instruments Act, 1881, the following section shall be inserted, namely :—

" 75B. *Presentment of negotiable instruments in riot areas unnecessary.*—(1) Notwithstanding anything contained in this Act or in any other law for the time being in force, no presentment for acceptance or payment of a negotiable instrument shall be necessary, and the instrument shall be deemed to be dishonoured at the due date for presentment if it is not possible for the holder thereof, being a bank, to present the instrument for acceptance or payment on account of the prevalence of riot or other disturbances in the area in which such presentment is to be made.

(2) Every bank which treats any negotiable instrument as dishonoured under sub-section (1) shall send to the Reserve Bank of India a return signed by two responsible officers of the bank in such form and manner as may be prescribed by the Reserve Bank of India.

*Explanation.*—For the purpose of this section a bank shall include a company or corporation incorporated by or under any law in force in any place in or outside the Provinces of India, which transacts the business of banking in any of the Provinces of India."

*Amendment of the Indian Limitation Act*, 1908.—After section 5 of the Indian Limitation Act, 1908, the following section shall be inserted, namely :—

" 5A. *Extension of period in cases of riots.*—Any suit which could not be instituted on and after the 1st day of August 1947 or cannot be instituted after the coming into force of this Ordinance within the period of limitation on account of the prevalence of riots or other disturbances may be admitted after the period of limitation prescribed therefor when the plaintiff satisfies the Court that he was unable to institute the suit within such period owing to the prevalence of riots or other disturbances."

This takes effect immediately.

## THE EXECUTIVE COUNCIL (TRANSITIONAL PROVISIONS) ORDER, 1947.

This Order made by the Governor-General was published in the *Gazette of India* on the 19th July. It provides :—

(1) That each Department of the Government of India in existence immediately before the commencement of the Order shall be renamed by adding the word "India" in brackets at the end of its former designation, and from the commencement of the Order each such Department will handle cases exclusively or predominantly concerning the future Dominion of India.

(2) As from the commencement of the Order there shall be created a Department corresponding with each existing Department and each such new Department shall bear the same designation as the existing Department with the addition of the word "Pakistan" in brackets and will handle cases exclusively or predominantly concerning the future Dominion of Pakistan.

(3) Cases of common concern to the two future Dominions will be handled in consultation by the appropriate India Department and the appropriate Pakistan Department.

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## RELIEF FROM IMPORT DUTY ON RAW MATERIALS USED IN INDUSTRY.

The Associated Chambers called for the views of constituent Chambers on a proposal put forward that relief should be sought from customs duty in the case of iron and steel scrap. In support of the proposal it was pointed out that the Hon'ble the Finance Member when introducing the 1946-47 Budget in the Central Legislative Assembly promised to meet the demand for relief from customs duty of raw materials imported for industry. It was understood that the promise had been fulfilled in the case of piglead, copper unwrought and certain other items. Iron and steel, old, is at present subject to revenue duty, the standard rate of which is 18¾ per cent. the tariff value being Rs. 30 per ton. In support of this suggestion it was stated that iron and steel scrap is the raw material for re-rolling mills and was used solely for industrial purposes. Large quantities were also said to be consumed by the rolling mills in the manufacture of their finished steel sections.

In view of the present inability of the steel rolling mills to produce the steel required in the country, it was considered that any assistance towards meeting the demand that could be given by the re-rolling mills was desirable and should be encouraged and there appeared to be a good case for urging upon Government to grant them relief from the import duty on iron and steel scrap.

In reply to the Associated Chambers the Committee stated that they were doubtful whether a reduced import duty on iron and steel scrap would help materially in bringing about an increased production of finished steel sections because they understood the rolling mills in India were at present unable to cope with the demand. On the other hand, some reduction in the import duty might help to bring about a reduction in the cost of finished steel and the Committee were, therefore, of the opinion that the proposal should be recommended for favourable consideration by the Government of India.

In August the Associated Chambers accordingly addressed the Government of India stating that in view of the present acute shortage of steel in India, any action which encouraged increased output at reduced prices to the consumer merited favourable consideration and they recommended either a substantial reduction or the complete removal of the current import duty on "Iron and Steel, Old."

In their reply, the Government of India, Ministry of Commerce, stated that pending the outcome of the International Conference on Trade and Employment at Geneva, the Government of India did not propose to make any tariff changes except in pursuance of decisions taken on Tariff Board recommendations.

## EXCESS PROFITS TAX.

### REFUND OF E. P. T. DEPOSITS.

In July 1946 the Central Board of Revenue issued an explanatory note for the information of assessees about the provisions relating to voluntary and compulsory deposits and the proposed arrangements to secure that all refunds were made in due time.

In the middle of March 1947 the Chamber addressed the Central Board of Revenue with reference to their explanatory note and raised the following points.

Section 2(3) of the E.P.T. Ordinance, 1943, specified that deposits were to be repayable within twelve months of the date of termination of hostilities or within twenty-four months of the date on which the deposit was made, whichever was the later.

The E.P.T. Officer, Companies Circle, Bombay, had declined to sanction repayment on 1st April next of deposits made by instalments unless the date of payment of the final instalment was 31st March 1945 or earlier. In doing so he appeared to rely on the footnote to the circular referred to above, which read as follows.

"The date of refund of any deposit made by instalments must be reckoned from the date of payment of the final instalment for, prior to that date, the deposit in question cannot be said to have been made, and a provisional deposit made under section 2(1A) of the Excess Profits Tax Ordinance, 1943, is regarded as an instalment of the deposit required by sub-section (1) of that section and the date of its refund must be calculated from the date when payment of the regular deposit was made."

The Committee pointed out that even if Government's attitude in this matter was strictly correct, it was most inequitable, particularly in view of the very great delays there had been in completing assessments and issuing final demands. In many cases this interval between payments by an assessee of the provisional deposit and the date on which it was known how much he had to pay in respect of the final instalment was from nine to twelve months, sometimes longer, and the Committee considered it wholly wrong that assessees should be denied refund on 1st April next of sums provisionally deposited more than two years ago. In this connection it was to be remembered that E.P.T. officers had not been authorised to accept provisional deposits of any sums larger than one-fifth of the provisional amount of excess profits tax demanded.

The Committee accordingly urged the Board to give this matter their very early consideration and amend their Instructions without delay so that assessees might receive repayment of their deposits in accordance with section 2(3) of the E.P.T. Ordinance, 1943, irrespective of the date when the final instalment was demanded.

On 31st March 1947, the Central Board of Revenue in their reply stated that in view of the provision for earlier refunds in cases where the money was required for an approved purpose, the Board saw no sufficient reason to accede to the Chamber's request.

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## EXCESS PROFITS TAX—APPEALS TO THE APPELLATE TRIBUNAL.

In December 1946 the Committee addressed the Central Board of Revenue drawing its attention to the difficulties with which assessees were frequently faced under Rule 17A of the Excess Profits Tax Rules.

According to this Rule an appeal had to be lodged before the expiry of 60 days from the date of the order of the Appellate Assistant Commissioner, but under Section 33 of the Income-tax Act the period allowed was 60 days from the date on which the order was communicated to the assessee. There was often a considerable difference between these two periods, as there might be a lapse of some weeks before the assessee received a copy of

the Appellate Assistant Commissioner's order. The Committee pointed out that there had been a case recently in which the appeal was heard in Delhi, the assessee resided in Indore and the appeal to the Tribunal had to be lodged in Bombay. In such cases, the period of 60 days from the date of the order left insufficient time for proper consideration of the case and for conferences with counsel, should these be necessary. In this particular case the Registrar was asked to extend the time for lodgment of the appeal, and he replied that it was for the Tribunal to decide whether an appeal was within time and, if not, whether it should be extended.

Assessees could not take the risk of lodging an appeal after the time specified hoping that the delay would be condoned, and the only alternative appeared to be to file the appeal first and undertake any necessary legal conferences later. This was most unsatisfactory, however, and the Committee accordingly urged that Rule 17A should be amended to conform with section 33 of the Indian Income Tax Act.

The Board replied to the effect that no previous complaint had been received regarding Rule 17A and that they were unable to see that it caused any particular hardship.

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## EXCESS PROFITS TAX—INTERPRETATION OF SECTION 12(2).

In a letter addressed to the Central Board of Revenue in June 1946 with regard to section 12(2) of the Excess Profits Tax Act, the Committee stated that they understood that the provisions of section 12 would be applied in every case where excess profits tax is payable under any law in force in any country outside British India, i.e., E.P.T. payable outside British India will be allowed in British India as a charge against profits for income-tax purposes.

In their reply dated 21st August the Central Board of Revenue stated that under section 12(2) of the Excess Profits Tax Act, 1940, excess profits tax paid outside British India was admissible as a deduction for income-tax purposes only if such income was liable to excess profits tax in this country. With a view to removing hardships in such cases either of the following two executive concessions had been agreed between British India and Indian States :—

1. For the unit having no excess profits tax, or precluded by law from charging excess profits tax on profits arising in the other unit, to treat the Excess Profits Tax paid in the other unit as a diversion of profits so that it is only the balance of the profits which is to be charged to income-tax, double income-tax relief being thus allowable in both units on the same part of income, that is to say on the profits concerned *less* excess profits tax paid in one of the units;

2. For both units to treat for double income-tax relief purposes the entire profits to have suffered double income-tax, ignoring the excess profits tax paid in one of the units altogether.

So far as the U.K. was concerned, the utmost concession the Government of India were able to grant was as stated in Central Board of Revenue circular No. 21-D of 10th October 1946, which was as under :—

"The question has been raised whether after the termination of the Indian excess profits tax, any allowance will be made in respect of excess profits tax levied in the United Kingdom on profits arising after the 31st March 1946. The Board have decided that in respect of the profits accruing or arising in British India after the 31st March 1946 which are charged to excess profits tax in the United Kingdom on the residence basis, the excess profits tax chargeable in the United Kingdom should not be allowed as a deduction since there is no justification for such allowance in principle. As regards the income accruing or arising in the United Kingdom, which is liable to income-tax in British India on the residence basis or under section 42(3) of the Indian Income-tax Act, the excess profits tax paid in the United Kingdom in respect thereof should be treated as a diversion of profits and only the net profits should be included in the total income for purposes of assessment. In the case of a non-resident where the foreign income is included in the total world income, the foreign income should be included after deduction of the excess profits tax payable in the United Kingdom."

The Committee were of opinion that the attitude of the Board was not unreasonable in the circumstances, and that the question should be taken up with H.M.G. as, if this was not done, there would be numerous instances of U.K. companies with Indian subsidiaries having to pay business profits tax for the year April 1946/March 1947 and U.K. excess profits tax on the same profits for the nine months April/December 1946. They accordingly addressed the Associated Chambers recommending that the question should be raised as soon as possible with H.M.G.

## INDIAN INCOME-TAX.

### BARODA STATE INCOME-TAX.

In January certain members of the Chamber drew the Committee's attention to the fact that when making payments of their bills for goods supplied, the Controller of Stores, Baroda State Railways, deducted a percentage in respect of income-tax "in accordance with notifications published in the *Baroda State Gazette* dated 6th June 1946 and 17th October 1946."

The Committee were able to obtain translations of these notifications which were brought to the notice of members under this office letter No. 93L/293 of 3rd February which is reproduced for purpose of record.

" 5. (*a*) Any person responsible for paying to a person who is not residing or non-resident in Baroda State should deduct income-tax at the maximum rate from the amount of interest, not being interest on securities, or any other sum chargeable to tax under the provisions of this Act, such as agent's commission, brokerage or commission, profit on forward business or any other income, profit earning from any source, even though it be less than Rs. 2,000.

(*b*) Or the person responsible for paying a monopolist or contractor for any work executed or any goods supplied in this jurisdiction and who have not appointed their attorney as required by section 32 of this Act, should deduct income tax at the maximum rate on sums equal to 15 per cent. of the total amount payable for such work.

This amendment was published in the *State Gazette* on 6th June 1946. The notification published on 17th October 1946 amended Schedules I and II (rates of income and super-tax) of the Act. The tax now payable by companies and registered firms is :

*Income-Tax.*—Four annas in the rupee "on the whole of the total income. "

*Super-Tax.*—(1) On the first Rs. 30,000 .. .. .. ..Nil.
(2) On the balance One anna in the rupee."

Subsequently the Committee received a copy of a letter which the Controller of Stores, Gaekwar of Baroda's State Railway, addressed to a member on the question of income-tax recoveries from the bills of firms in respect of supplies made by them prior to the issue of the Controller's circular of 17th January. The text of this letter was circulated to members under this office letter No. 93L/340 of 16th February and is reproduced for purposes of record.

" The question of income-tax recoveries from the bills of firms in respect of supplies made by them prior to the issue of my circular dated 17-1-47 has been referred by me to the Baroda State Income-tax Authorities and the matter is receiving our immediate attention. I shall revert to the subject immediately on hearing further from them.

As regards future orders placed as a result of tenders, I expect that there will be no difficulty whatsoever because we shall stipulate the necessary conditions regarding the recoveries of the tax in the tender form and you may quote your rates accordingly.

I am further informed by the Income-tax Commissioner, Baroda, that this tax will be recoverable in respect of only those orders which are placed as a result of tenders on our own forms. Open orders or any orders placed as a result of quotations made by you on your own form and subject to your usual conditions of sale, will not be liable to this tax."

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## INDIAN INCOME TAX—SECTION 23A.

(*See Report* 1946, *page* 75.)

It was stated in Part I of the Chamber's Report for 1946 that the Committee had referred to the Central Board of Revenue the question as to the date or period which determines when the capital of a subsidiary company must be held by the parent company.

In their reply the Central Board of Revenue stated that they were not in a position to give a ruling on a question on which an authoritative decision could only be given by the Courts on a reference under the Income-tax Act, but the view on which the Board proposed to proceed, pending judicial decision, was that the point of time which determined the position in regard to the holding of the share capital in the subsidiary company was the end of the previous year of the holding company.

A copy of this reply was circulated to members by the Chamber's office circular No. 93F/640 of 14th March 1947.

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## INDIAN INCOME TAX ACT: CAPITAL GAINS AND SECTION 23A.

In November the Committee had their attention drawn to the fact that the Income-tax authorities in Bombay were asserting that for the purpose of section 23A(1) of the Income Tax Act, profits representing capital gains must be included in the total income of a private company for the purpose of calculating the amount on which the minimum distribution of 60 per cent. by way of dividend was based. The Committee lodged an emphatic protest with the Central Board of Revenue against this view, which they regarded as quite unjustifiable.

In the first place they pointed out that capital profits could not be distributed at all, without a complete revaluation of all the assets of a company. Apart from that, however, such a distribution was contrary to common prudence and sound commercial practice. Following the law might, therefore, involve the application of section 23A to the entire profits of the company, and would, in any event, hasten the time when the reserves would be of such an amount that the whole profits must be distributed.

From the point of view of taxation, it must not be overlooked that although it was originally proposed that capital gains should be taxed on the same basis as other income, the Bill was materially altered in this respect and such profits were excluded from super-tax in the hands of both companies and individuals, while the slabs of income-tax rates were greatly broadened.

If, now, companies were expected to distribute these profits they became liable to super-tax in the hands of the shareholders, who would have to pay thereon both Income-tax and Super-tax at the ordinary rates. In fact the application of section 23A to such profits was purely in order to levy super-tax thereon. This entirely defeated the concession made while the Bill was under

consideration and, although the expressed object of Government had been to treat private companies much the same way as firms, this put them at a material disadvantage compared with both firms and public companies.

Further, capital losses could not be set-off against business incomes and, apart from the foregoing considerations, it would be grossly unfair to force the distribution of capital profits, or assume for the purpose of section 23A that they had been distributed, unless future capital losses were allowed to be set-off against business income.

The Committee therefore requested that the Board would issue instructions to Income-tax Offices without delay to make it clear that for the purpose of section 23A(1) capital gains were not to be considered as part of the total assessable income of a company.

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## INCOME TAX—APPELLATE TRIBUNAL.

### Associated Chambers of Commerce of India.

At the Annual General Meeting of the Association held on 16th December, 1946, a resolution in the following terms was adopted unanimously :—

"As the conditions which previously prevailed no longer exist, this Association urges upon the Government of India that it restore the Income Tax Appellate Tribunal Centres to their original localities."

The text of this resolution and of the debate which preceded its adoption were duly forwarded to the Government of India, from whom the following reply dated 10th April, 1947, was received :—

"With reference to your letter No. 188-AC, dated the 21st March, 1947, addressed to the Secretary to the Government of India, Finance Department (Board of Revenue), I am directed to state that, as has already been announced in the Press, the headquarters of the Calcutta Bench of the Income-Tax Appellate Tribunal will be transferred from Patna back to Calcutta with effect from the 21st April, 1947. As regards the transfer of the Allahabad Bench to Delhi, I am to say that this proposal has already been given the fullest consideration but was not found feasible owing among other reasons to the acute shortage of accommodation prevailing in Delhi."

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## INCOME-TAX.

### Pay-as-you-earn Scheme—Time for Payment of Instalments.

The following circular No. 2 of 17th May issued by the Central Board of Revenue is reproduced for purposes of record :—

"Under the provisions of section 18A (1) the dates for the payment of instalments of tax due are fixed. It has been represented to the Board that since the dates are statutorily fixed and the Income-tax Officer cannot alter them, inconvenience is caused to assessees in complying with legal

requirements where the demand notice is served only a few days before the instalment falls due to be paid. The inconvenience is all the more where a lump sum demand is made just a few days before the 15th March which is the last date for the payment of advance tax.

"To avoid any inconvenience to assessees in this behalf, Income-tax Officers should, as far as possible, issue demand notices for advance payment of tax well in time as to reach the assessees by the 1st of the month in which the first instalment after the demand notice falls due. In practice the assessees are and should be allowed to pay the advance tax later within ten days of the due date particularly in cases where the tax is required to be paid in one lump sum on the last date falling due on the 15th March."

## DOUBLE INCOME-TAX RELIEF—TIME LIMIT FOR MAKING CLAIMS—PROVISIONAL CLAIMS—ADMISSIBILITY OF.

For purposes of record, Circular No. 43 (23) I.T./46 of 30th April, 1947, received from the Central Board of Revenue is reproduced hereunder:—

"It has been brought to the notice of the Board that as the time limit of four years under section 34 (2) of the Income-Tax Act for completing an assessment (except in a case in which penalty is impossible for concealment of income) is the same as that under section 50 for making a claim for refund, there is not enough time left for filing a claim for double taxation relief in cases where the assessment is completed by about the close of the limitation period. To remedy this effect it has been suggested that section 50 of the Income-Tax Act and Rule 5 of the Income-tax (Double Taxation Relief) (Indian States) Rules 1939, be amended so as to reckon the time limit from the date of payment of the tax at either place whichever is later. The Board consider that the time limit of 4 years laid down in these provisions is sufficient in ordinary cases, and it is not therefore necessary to amend them. However, to obviate hardship in any cases of delayed assessment, Income-tax Officers should, with the previous approval of the Inspecting Assistant Commissioner admit provisional claims made by assessees whose assessments at one or both places are pending at about the close of the financial year in which the time limit for making the regular claim for relief in respect thereof would expire. The Provisional claim should be accompanied by a certificate of the Income-tax Officer stating that the assessment is pending before him (c.f. in this connection the instructions on provisional claims on page 289 of the Income-tax Manual). Any specific cases in which owing to the circumstances mentioned above the claim for double income-tax relief became time-barred in 1946-47 should be reported to the Board for consideration with full facts."

# IMPORT AND EXPORT TRADE AND CONTROLS.

## IMPORTS AND EXPORTS CONTROL ACT, 1947.

Early in February a Bill to continue for a limited period powers to prohibit or control imports and exports was introduced in the Legislative Assembly. It was pointed out in the statement of objects and reasons that control over imports and exports was imposed in exercise of the powers under Rule 84 of the Defence

of India Rules and subsequently extended under the Emergency Provisions Continuance, Ordinance, 1946. The latter ceased to be operative after 24th March 1947.

The question of continuance of import and export control beyond 24th March had been examined and it was considered that, though the actual administration of these measures called for gradual simplification as conditions permitted, the measures themselves should be retained for some time in order to avoid any disturbance to the economy of the country during the transition from war-time to peace-time conditions.

In addressing the European Group the Committee stated that it was probably necessary for Government to retain for some further period the power to control imports and exports and they accordingly agreed to the provisions of the Bill except sub-clause 2 of clause 3. This sub-clause specified that the word, "may" shall be substituted for the word "shall" in section 183 of the Sea Customs Act. This section if so amended would read:

"Whenever confiscation is authorised by this Act, the Officer adjudging it may give the owner of the goods an option to pay in lieu of confiscation such fine as the Officer thinks fit."

The Committee were of the opinion that the change was unwarranted and should be opposed. They considered it should be obligatory on Customs Officers to give the owner of the goods the option of a fine in lieu of confiscation of the goods.

The Bill was referred to a Select Committee and Mr. C. P. Lawson put forward two amendments to sub-clauses (1) and (2) of clause 3. The amendment to sub-clause (1) sought to fix a period of six months for restrictions on imports where such restrictions were solely for the protection of indigenous industries and that to sub-clause (2) was intended to make the change mentioned above which this Chamber recommended. Both these amendments were negatived. The only amendment made by the Select Committee was the insertion of a new clause (6) which reads as follows:

"No Court shall take cognizance of any offence punishable under section 5 except upon complaint in writing made by a Customs Collector or by an officer of Customs authorised in writing in this behalf by a Customs Collector, and no Court inferior to that of a Presidency Magistrate, or a Magistrate of the first class shall try any such offence."

The Bill was finally passed by the Assembly on 19th March.

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## IMPORT TRADE CONTROL.

About the middle of March the following notification was published in the Press.

"All Licences for import goods other than Capital Goods and Heavy Electrical Plants, i.e., all licences other than those marked C.G., C.G.P.W., and H.E.P. which have been issued as valid up to the end of December 1947, will be valid to cover shipment of goods only up to the end of June 1947. They will expire on the 30th June 1947 and will require individual revalidation thereafter, for which applications should be made to the licensing authorities concerned in accordance with a separate Public Notice to be issued in June 1947.

2. Licences suffixed or prefixed C.G., C.G.P.W., and H.E.P. will, however, be valid to cover shipment up to the period specified in the licences."

A member addressed the Chamber about this and pointed out that apart from the time lag before licences could be revalidated there was the more important question of whether applications for revalidation would be granted. This uncertainty would make it virtually impossible to carry on business as importers might have orders on their books for goods from the United Kingdom valued at many millions of pounds sterling, for delivery over a number of years, and unless this uncertainty was promptly removed they might have to cancel a large number of the orders they had placed.

The Committee wrote to the Associated Chambers on 29th March stating that in the light of this notification they assumed that it was Government's intention to review the import trade policy, perhaps because an undue number of import licences had been granted for goods which would not be obtainable for a considerable time and perhaps also in preparation for 15th July next when current sterling transactions would be freely convertible into other currencies. Whatever the reason might be the Committee pointed out that this notice was a very serious matter for all importers and particularly for those who had large orders on their books for many articles of equipment and stores which India badly needed, the delivery of which would be spread over a number of years because of the supply position in the United Kingdom and America.

They added that according to the notice nothing could be done with regard to the revalidation of licences until a further public notice was issued some time in June. This time lag was serious enough in itself, but still more serious was the uncertainty as to whether applications for revalidation would be sanctioned and, if so, for what type of goods. The Committee accordingly requested the Associated Chambers to draw Government's attention to the serious position created by this notice and to press Government to issue, without any delay, an explanation of it and a clear indication of their policy.

The Committee also drew the Associated Chambers' attention to the fact that the restriction to June 1947 of licences originally issued as valid up to the end of December presented yet

a further difficulty, because long before the end of June 1947 many consignments would have been delivered from the makers' works and paid for and would be at ports awaiting shipping opportunities. In addition, therefore, to pressing Government to give a prompt indication of their future policy, the Committee considered Government should also be asked to arrange for the revalidation of licences to be taken into consideration at once and not delayed until June.

On the 16th May it was announced that the Government had reviewed their import trade control policy with a view to making the best possible use of India's foreign exchange resources and to restricting the imports of certain consumer goods and other non-essential goods of which there were substantial stocks in the country. The change in policy resulted in the cancellation of Open General Licences Nos. I and III, and the withdrawal of Open General Licence No. VII and the issue instead of it of a new Open General Licence No. IX. Particulars of the new O.G.L. No. IX were advised to all members by circular No. 1230 on the 17th May and particulars regarding the revalidation of licences, so far as they were then known, were advised to members in a further circular (No. 1405) dated 27th May.

On the 29th May the Chamber addressed the following three letters to the Secretary, Department of Commerce, Government of India :—

"No. 291/1446.—The Public Notice dated 16th May issued from the office of the Chief Controller of Imports stated, *inter alia*, with regard to business not generally done on Letter of Credit system,

(*a*) Licences will be granted, valid for shipment up to 30th September 1947, in respect of goods which were in O.G.L. VII, on production of documentary evidence that firm orders were placed and accepted before 16th May 1947.

(*b*) Licences will be granted, valid for shipment up to 30th September 1947, in respect of goods which were in O.G.L. VIII, on production of documentary evidence that firm orders were placed and accepted before 14th March 1947, the date on which this O.G.L. was cancelled.

It will be noted that the period allowed for shipment after the withdrawal of these two licences is only 4½ months in the case of O.G.L. VII, and 6½ months in the case of O.G.L. VIII.

Many members of this Chamber have substantial orders outstanding for goods which were in O.G.L. VII, the delivery of which is at present quite impracticable even up to the end of December. Deliveries in many cases would ordinarily extend much beyond then. I should mention that I am referring now to goods which are needed in this country and which are in short supply, and not to non-essential or luxury goods.

The members of this Chamber appreciate that Government have recently reviewed their import trade policy with a view to making the best use of India's foreign exchange resources and that it would therefore be difficult for Government to extend indefinitely all import licences for goods

already ordered. It would, however, be of some assistance if the shipment period for goods under O.G.L. VII ordered before 16th May were extended to 30th November. Moreover, my Committee feel they can make this request on grounds of equity, as the shipment period after withdrawal of the O.G.L. should be the same as in the case of O.G.L. VIII, namely, 6½ months. They trust Government will give this point urgent and favourable consideration. I should add that if Government agree to this it is presumed that the last shipment date for such goods without the necessity of a licence would be extended from 30th June to 31st August."

"No. 291/1447.—From the Public Notice dated 16th May, issued from the office of the Chief Controller of Imports, it is learnt that the imports of certain consumer goods and non-essential goods of which there are already substantial stocks in the country will be restricted.

2. My Committee assume that Government have already come to some tentative decision in this regard and they hope Government will issue, without delay, a list of those goods, if any, for which Import Licences will not be granted at all in the next licensing period, beginning 1st July. As will be appreciated it will save a great deal of unnecessary work both for importers and the Import Control authorities if Government's intentions are made public without delay."

"No. 291/1462.—Members of this Chamber have drawn attention to the difficulties, and in some cases the impossibility, of conforming to the conditions regarding documentary proof of the placement and acceptance of orders as set out in the Public Notice dated 16th May 1947 issued from the office of the Chief Controller of Imports.

2. The points they have raised are noted hereunder :—

(*a*) Importers who have outstanding orders placed this year and in 1946 for goods which were included in O.G.L. No. VII, say that in some cases it is physically impossible for them to get together the necessary documentary evidence for submission to the Chief Controller of Imports by 15th June. This particularly applies in the case of goods which include many different types and grades and the orders for which therefore have somewhat detailed specifications attached to them.

(*b*) Against many orders part deliveries have already been made, further lots are in course of transit and it is possible that yet further lots will be in transit by 15th June. The available evidence in such cases as to the balance of the orders still awaiting shipment would be a statement compiled by the importer from his order register in Bombay.

(*c*) It may be some time yet before acceptance notes are received of orders placed in, say, the first half of the current month.

3. My Committee assume it may be taken for granted that licences valid for shipment up to 30th September will be issued in respect of all goods ordered under O.G.L. VII and VIII if the orders were, in fact, placed and accepted before 16th May in the case of O.G.L. VII and 14th March in the case of O.G.L. VIII. They therefore suggest for the consideration of Government that the licences should be issued without production of the documentary proof referred to in the Notices, provided the importers concerned give their guarantee when applying for the licence that the goods were actually ordered before the dates specified. Proof of this point could then be produced later and, if thought necessary, it could be made clear that any importer making an incorrect statement in his application as to the date of placement of his orders would be liable to a heavy penalty or possibly confiscation of the goods when they arrive. If this suggestion is acted upon it will substantially reduce the volume of work for all concerned and lessen the delay in the issue of licences for goods which cannot be shipped before 30th June.

I should mention that in another letter to-day this Chamber has proposed to you that the shipment dates in respect of goods ordered under O.G.L. VII should be altered to 31st August and 30th November 1947.

4. Some importers who place orders with their offices in the U.K. merely have acknowledgments of those orders as the rest of the correspondence with regard to them is carried on between their U.K. offices and the manufacturers concerned, and the manufacturer's acceptances of the orders remain with their U.K. offices.

In such cases it is assumed that acceptance notes supplied to an importer by his U.K. office will be taken as adequate proof, but early confirmation of this is desirable.

5. Many members hold Customs Clearance Permits for goods which come under the consumer goods scheme, the orders for which were sponsored by the High Commissioner for India in London. The Public Notices referred to do not deal with this point and the members concerned wish to know whether the Customs Clearance Permits will remain valid after 30th June.

6. It is understood that the import will be permitted of goods shipped after the dates stated in the Public Notices, provided they were sent down to a port of shipment before those dates.

A definite ruling on this point would be appreciated because, although suppliers in the U.K. may send forward for shipment goods which have been ordered, they have no means, in present circumstances, of ensuring that such goods will be shipped by any specified date."

On the 14th June the Committee of the Chamber had an opportunity of a full discussion with MR. Y. N. SUKTHANKAR, Secretary, Commerce Department, who was accompanied by MR. M. ISMAIL, the Joint Chief Controller of Imports. MR. SUKTHANKAR again pointed out that the overriding factor in this question of control of imports was India's foreign exchange position. Imports had to be regulated in accordance with the amount of exchange available and if, for example, licences were granted or revalidated for the import of large quantities of goods which could be shipped by 30th September it might prove necessary to reduce the imports of many goods in subsequent licensing periods. The various points raised with MR. SUKTHANKAR and the answers he gave to them were summarised in another circular to members No. 291/1681 of the 16th June, and these are reproduced hereunder for purposes of record :—

A. *Final Shipment date.*—The question of extending the final shipment date beyond 30th September for both O.G.L. VII and O.G.L. VIII goods is under consideration. Mr. Sukthankar was not in a position to make any definite statement on this but anticipated that a decision would be taken by the end of this month.

B. *Proof of Date of Shipment.*—This must be the bill of lading date. Government cannot accept the date of carriers' receipts nor can they accept certificates that goods are already paid for and "registered for shipment." The point is that they must have been on board the steamer or in the process of loading on or about the 30th June or 30th September as the case may be. Acceptances of " registered for shipment " as the proof would, Mr. Sukthankar remarked, favour importers who do not work on letter of credit syste as against those who do.

C. *Documentary Proof of Placement of Orders.*—It is essential that orders shall have been placed with manufacturers and accepted before 16th May in the case of O.G.L. VII goods and 14th March in the case of O.G.L. VIII.

Government will accept letters from Head Offices or suppliers certifying that orders have been definitely accepted by the manufacturers before the dates stated. In cases where such proof cannot be obtained in time they will accept statements by importers here provided, in the case of our own members, the Chamber of Commerce certifies the statements. Acceptance by manufacturers' representatives in India will be recognised provided it can be shown to the satisfaction of Government that such acceptances have in fact bound their principals.

In " border-line " cases, for example, when orders have been received by agents in the U.K. and, owing to the necessity of correspondence regarding details between the agent and the supplier the supplier's acceptance is dated some little time after the specified dates, Government will give consideration to such cases if the full circumstances are explained to them, provided that shipment can be made on or before the 30th June or 30th September, as the case may be.

If documentary proof of placement of orders cannot be furnished by 15th June this will not militate against the grant or revalidation of licences but such proof should be produced not later than 30th June.

Importers may take it that all licences will be revalidated, and in the case of O.G.L. VII and O.G.L. VIII goods that licences will be granted without question provided the conditions as to the date of placement of orders and final date of shipment are complied with.

D. *Goods Ordered Before the Prescribed Dates which cannot be Shipped by 30th September.*—In cases where goods have definitely been booked before 16th May or 14th March as the case may be but equally certainly cannot be shipped on or before the final shipment date the importer concerned will have to make up his mind himself whether to cancel such orders or to allow them to stand in the expectation that the goods will be licenced for import in the next licensing period.

Importers may apply now for *new licences* for the next period and they will probably be informed by the end of this month which goods will be licensed for the next period and so will be able to form an idea of what goods they are likely to be allowed to import after 30th September.

E. *Prohibited Imports.*—A notice will be issued in the course of the next few days specifying goods the import of which will not be permitted.

F. *Orders Partly Completed.*—In respect of goods against which part deliveries have been made Government will grant licences for delivery of the balances on the importer showing that he has such balances outstanding (against orders placed before 16th May or 14th March) and that the balances can be shipped before the final date.

G. *Customs Clearance Permits for Goods Under the Consumer Goods Scheme.*—This scheme was cancelled some months ago and there can be very few goods now affected. If there are any outstanding for shipment the importers concerned must explain to Delhi why they are still outstanding, and if the explanation is satisfactory the import will be permitted. Customs Clearance Permits will not be automatically extended.

H. *Proofs Required from Firms who do not Open Letters of Credit.*—Firms who do not do business on letter of credit system must satisfy Government on the point. A letter from a parent company or from a head office or from a bank to the effect that such and such a company has for many years

done business on ordinary remittance basis and not on letter of credit basis will be accepted. In cases where payment is usually obtained (not under letter of credit) by drafts drawn on importers by the suppliers or manufacturers Government will accept as proof retired drafts in respect of previous supplies over a period of, say, twelve months.

J. *Original Import Licences.*—It is not correct that original licences *must* accompany applications for revalidation. They must, however, be sent as soon as possible. In cases where these are in the possession of the Customs Authorities, Government will issue instructions that they shall be sent direct to the Chief Controller of Imports.

K. The points referred to above do not relate to "Capital Goods" which are the subject of special consideration and, which it is understood, will be liberally licensed for import.

On the 18th June Public Notice No. 797 was issued by the Deputy Chief Controller of Imports, Bombay, giving details of goods included in Part IV of the Import Trade Control Schedule for which new licences would be granted valid for the shipment period July/December 1947 in accordance with quotas based on previous imports in the basic year shown against each item.

On the 23rd June intimation was received that in respect of orders covered by letters of credit Government would accept the dates of warehousemen's receipts as proof that goods had been sent forward for shipment (Circular No. 291/1776). On the 25th June a telegram was received from the Commerce Department and the contents of this, as noted hereunder, were advised to members by circular No. 1820 of that date :—

1. Government have decided to permit the import of goods made, paid for and despatched to docks warehouses for shipment before 30th June 1947 but not shipped by that date due to lack of shipping space.

2. The extension of the final shipment date beyond 30th September in the case of O.G.L. VII and O.G.L. VIII goods is not possible.

3. Licences will only be revalidated in respect of orders actually accepted before 16th May. Government regret they cannot extend the benefit of revalidation to orders received but not accepted before that date.

With regard to the final shipment date (30th September) it must be assumed, in the absence of directions to the contrary by Government, that proof of this will be the date of the bill of lading.

On the 24th June the Government of India issued a further Public Notice (No. 1/Gen.(94)/47) stating that licences, except those marked C.G., C.G.P.W., and H.E.P. which were valid up to 30th June stood automatically revalidated up to 30th September 1947 for certain goods and up to 31st December 1947 for other goods as specified in the Appendices to the Notice. The details

were conveyed to members by circulars Nos. 291/1862 and 1863 of the 28th June, which for purposes of record are reproduced hereunder :—

IMPORT TRADE CONTROL.

By Government of India Notice No. 1/Gen.(94)/47 licenses (excluding those marked C.G., C.G.P.W., and H.E.P.) valid up to 30th June are automatically revalidated *for shipment up to 31st December* 1947 for the following items only :—

PART II.

*Serial Numbers of Import Trade Control Schedule.*

1 (Dry battery wax, red and black only), 3, 4, 5, 6, 28, 29, 30, 31, 31-A, 31-B, 32, 33, 33-A, 33-B, 34, 34-A, 36 (1) to (6), 37 (1) *excluding* bobbins, pickers and picking bands, 37 (2), 37-A, 41 and 42.

PART III.

*Serial Numbers.*

2, 3, 4 (1) to (6), 5 (1) *excluding* bobbins, pickers and picking bands, 5 (2), 5-A and 6.

PART IV.

*Serial Numbers.*

38, 39, 54, 55, 56, 59, 60, 61, 62, 63, 64, 92, 104, 105, 106, 126, 130, 144, 169, 170, 172, 173, 174, 178, 179, 180, 181, 182, 186, 187, 188 (*excluding* cotton mosquito and sandfly netting), 191, 192, 193, 194, 195, 200, 202, 217, 286 (parts of typewriters only) and 288.

PART V.

*Serial Numbers.*

8, 14, 15, 17, 18, 19, 20, 40, 42 (excluding plywood and sandalwood), 43, 47, 48, 49, 56, 65 (1) to (6), 66, 67 (1) and (2), 68, 69-A, 70, 71, 72, 73, 74, 75 (Dairy machinery only and 76.

Licences already sent to Delhi will be returned to the senders but meantime they may proceed with their arrangements to secure import of the goods specified above.

In continuation of circular No. 291/1862 28th June 1947, the following is a list of articles in respect of which licences stand automatically revalidated for shipment up to 30th September 1947.

PART II.

Serial No. 37 (1) .. .. .. Bobbins when required for the jute and hemp industries.

PART III.

Serial No. 1 .. .. .. .. Sodium Acetate ; Sulphate of Alumina (Iron free) ; Chromium Acetate ; Hydrosulphite of Soda ; Rangolite C or Formosul L ; Sodium Nitrate ; Shirlan Paste ; Desizing Agents ; Levelling Agents ; Penetrating Agents ; Scouring Agents ; Wetting Out Agents ; Emulsifying Agents ; Mordanting Agents ; Turkey Red Oil ; Oil and Grease Removers ; Textile Oiling Agents ; Solvents for Printing Discharging Agents ; Anti Reduction Kler Boiling ; and Softening Agents.

| | |
|---|---|
| Serial No. 1A.. .. .. | .. Zinc Chloride. |
| Serial No. 1B.. .. .. | .. Dyes derived from coal tar, and coal tar derivates, used in any dyeing process. |
| Serial No. 5 (1) .. .. | .. Bobbins when required for textile industries other than jute and hemp. |
| | PART IV. |
| Serial No. 110 .. .. | .. Chemicals falling under items Nos. 28, 28 (6), 28 (7), 28 (8) of the First Schedule to the Indian Tariff Act 1934, and drugs and medicines falling under item No. 28 (8) of that schedule in packings up to and inclusive of 28 lbs. for goods in substance, and up to and inclusive of one Winchester quart for goods in liquid, but excluding articles specified in any other serial of this Schedule *excluding* Potassium Bicromates, Sodium Bicromates, Sodium Sulphite, Sodium Bisulphite, Sodium Hyposulphite, Chromic Acid and Chrome Sulphate. |
| Serial No. 300 .. .. | .. Cycles (other than motor cycles) imported entire or in sections. |
| Serial No. 301 .. .. | .. Parts and accessories of cycles (other than motor cycles) excluding rubber tyres and tubes and iron and steel bolts and nuts adapted for use on cycles. |
| | PART V. |
| Serial No. 21-24, 26-31 .. | .. Chemicals in bulk packing *excluding* Potassium Bichromate, Sodium Bichromate, Sodium Sulphite, Sodium Bisulphite, Sodium Hyposulphite, Chromic Acid and Chrome Sulphate. |
| Serial No. 44 .. .. | .. Newsprint. |
| Serial Nos. 93 and 94 .. | .. Scientific and Surgical instruments only. |

The notice further states that bicycles and parts and accessories ordered under O.G.L. VII may be imported without licences if shipped before 30th September 1947.

In view of the specific references to bicycles ordered under O.G.L. VII, it cannot be assumed that other articles ordered under O.G.L. VII may be similarly imported without licences, if despatched to docks for shipment after 30th June.

On the 3rd July a further circular was issued by the Chief Controller of Imports giving a list of articles for which no licences would be granted until further notice. These were advised to members in circular No. 291/1952 of the 5th July, and in circular No. 1951 of the same date details were given of goods in Part IV for which licences would be freely issued by the D.C.C.I., Bombay,

for import from all countries except Germany, Japan and South Africa, for the shipment period July/December, 1947 and, in Part B of that circular certain other items in Part IV in respect of which applications for licences would be considered by the C.C.I., New Delhi. In further circulars—Nos. 291/2015 of the 11th July and 2174 of the 29th July—members were advised of the goods in Parts II and V of the Import Trade Control Schedule for which licences will not be granted.

Intimation was also received from the C.C.I., New Delhi, of goods in Parts II, III and V of the schedule for which licences would be freely granted, on application to the appropriate authority, for import from all countries except Germany, Japan and South Africa for the same shipment period (July/December 1947). These were advised to members in circular No. 291/2016 of the 11th July.

Members must have noted that in circular No. 1952, giving a list of articles for which licences will not be issued, serial Nos. 61, 63 and 64 were not included, although they appear in the list issued by the Chief Controller of Imports under the heading "List of items which will not be licensed at all." These three serial numbers were omitted from this office circular No. 1952 because they already appear in Open General Licence No. IX dated 16th May. The position with regard to these goods is that, while they may be imported from the countries specified in O.G.L. IX, licences will not be issued for the import of them from any other countries.

As many members were enquiring early in July whether they would be in order in allowing goods to be shipped in anticipation of the receipt of revalidated licences, enquiries were made of the Commerce Department by telegram. Details were given in circular No. 1978 of the 8th July which is reproduced hereunder :—

"Many enquiries were received from members last week as to whether they would be in order in allowing goods to be shipped in anticipation of revalidation of licences, or the issue of fresh licences in respect of goods ordered under O.G.L. VII and VIII. The Chamber therefore put the following points by telegram to the Commerce Department :—

1. It is assumed that all licences valid to 30th June for goods against orders accepted before 16th May will be revalidated to 30th September 1947 without question.

2. Licences will be granted without question for shipment up to 30th September of all O.G.L. VII and VIII goods orders for which were definitely accepted before 16th May and 14th March respectively.

I note hereunder the reply received from Mr. Sukthankar, Secretary, Commerce Department, which, I think members will agree, clears up these points satisfactorily.

1. Where business is done otherwise than under letters of credit :—

   (*a*) if the relative orders were definitely accepted before the 16th May licences will be revalidated for shipment up to 30th September.

   (*b*) in respect of goods ordered under O.G.L. VII and VIII the orders for which were accepted before 16th May and 14th March respectively, fresh licences will be issued valid for shipment up to 30th September.

2. Where business is covered by letters of credit licences will be revalidated or fresh licences will be issued as the case may be for the period for which the letters of credit are valid.

It is understood of course that the necessary documentary evidence has to be produced in proof of placement of orders. If any applications have been rejected although satisfying the conditions laid down, such cases should be reported direct to the Chief Controller of Imports by name for rectification."

In response to a request from the Assistant Chief Controller of Imports a further circular (No. 2168) was sent to members on 28th July pointing out that the reply from Mr. Sukthankar quoted above did not amend Government's previous instructions as to the proof required from firms who do not usually open letters of credit. Proof of this is still required by Government in addition to proof of the date of placement of orders.

A Government notification published in the *Gazette of India Extraordinary* dated 10th July made the following amendments to Open General Licence No. IX :—

(1) Schedule II has been deleted.

(2) The heading " Schedule I " should be altered to read " Schedule."

(3) The second proviso (in which reference is made to Schedule II) is to be deleted.

In the same *Gazette* there was notified a new Part (VI) added to the Import Trade Control Schedule, details of which were given in this office circular No. 291/2142 of the 24th July.

On the 28th July the General Committee and the Import Sub-Committee had a meeting with Mr. G. R. Kamat, the Chief Controller of Imports, who was accompanied by Mr. Madgavkar, the Deputy Chief Controller of Imports, Bombay. Various questions put to Mr. Kamat and the answers he gave were advised to members in this office circular No. 291/2208 of the 31st July. The main points are briefly summarised hereunder :—

1. Many importers have been unable to await receipt of revalidated licences as shippers were asking for instructions and in many cases goods previously registered for shipment were being called forward to the ports. In consequence of this many importers gave instructions for goods to be shipped after the 30th June where they had submitted indisputable evidence of

the date of application of orders. Mr. Kamat was further informed that firms who had been dealing for many years with their own offices or agents in the U.K., did not always receive acknowledgments stating specifically that their orders had been booked. Frequently such acknowledgments were merely to the effect that letters with the orders enclosed had been received and it had always been the practice in the past to treat such orders as definitely booked unless there was anything to the contrary mentioned in the acknowledgments.

Mr. Kamat stated that acknowledgments in such a form would be acceptable provided Government were satisfied that they did in fact mean that the suppliers were committed to the execution of the orders.

2. There was still some doubt as to what Government exactly meant by the words " warehouse receipts " and " despatched to docks for shipment." The Committee assumed that " warehouse receipts " meant receipts showing that goods were actually in the docks' warehouses awaiting shipment on 30th June. Government had already stated that they could not accept carriers' receipts as proof of date of shipment, but if goods were paid for and put on rail on, say, 25th June, they would in fact have been " despatched to docks for shipment " before 30th June. Would Government accept such railway receipts as proof of despatch if they were obtainable ? If they were not obtainable, what form of certificate would be accepted ?

Mr. Kamat said it was necessary for Government to control as closely as possible the amount of money remitted from India after 30th June and they had therefore stipulated that goods despatched for shipment, but not actually shipped by 30th June, must have been paid for not later than that date. He stated that in cases such as those mentioned above, carriers' receipts would be accepted as proof of the date on which goods were despatched to the docks for shipment.

3. " Received for shipment " bills of lading would be accepted as proof of shipment if dated not later than 30th June. In respect of goods which might be shipped up to 30th September, the " on board " bill of lading would be the proof required.

4. When goods had to be transhipped and could not be despatched on a through bill of lading the date of the first bill of lading would be accepted as proof of shipment if it were endorsed for transhipment.

5. Mr. Kamat said it was most unlikely that any change in the list of prohibited imports would be made in respect of the July/December 1947 licensing period. He said new schedules

would be issued in respect of the January/June 1948 period and he hoped it might be possible to publish these not later than October.

On the 1st August a notice was issued by the Steel Import Controller, Calcutta, with regard to the revalidation of licences for the import of iron and steel. Licences for 20 items specified in the appendix to that notice were automatically revalidated for shipment up to 31st December 1947. The notice further stated that if suppliers could only ship in the January/June 1948 period goods licensed for the July/December 1947 period, the licence would be revalidated to cover the former period provided the necessary evidence was produced before the 31st December 1947. The notice in question and the appendix thereto were brought to the notice of members by this office circular No. 291/3509 of the 28th August.

The most important notification subsequently issued was one dated 1st September by which the validity of certain licences was extended to 31st December, 1947. Details were given to members in this office circular No. 291/2628 of the 10th September, a summary of which is reproduced hereunder for the purpose of record.

"By a notification in the *Gazette of India Extraordinary* dated 1st September, 1947, the validity of the undernoted licences is, subject to what is stated in paragraph 2, extended to 31st December 1947.

(a) Licences which are revalidated to 30th September 1947.

(b) New Licences valid to 30th September 1947, for goods ordered under Open General Licences Nos. VII and VIII.

(c) Licences automatically revalidated to 30th September 1947.

The extensions now given are final but licences for plant and machinery and other goods which have to be ordered considerably in advance of the delivery date will receive special treatment for further extension.

The validity of licences for the following goods will in no circumstances be extended beyond 30th September 1947."

PART IV.

*Serial No. in the I.T.C. Schedule.*

1; 11; 12; 13; 18; 23; 24; 25; 51; 58; 70; 71; 79; 80; 81; 82; 83; 84; 85; 88; 89; 90; 91; 94; 95; 102; 103; 113; 115; 132; 133; 134; 135; 137; 141; 143; 145; 148; 149; 152; 155; 164; 167; 168(a); 171; 188; 196; 205; 214; 218; 223; 227; 232; 234; 236; 252; 253; 254; 255; 256; 257; 258; 260; 261; 262; 265; 316; 318; 319; 320; 327; 329; 330; 334; 339.

PART V.

*Serial No. in the I.T.C. Schedule.*

57; 61; 62; 93; 95; 122.

6. Government's decision which allows a further three months for the shipment of many categories of goods is welcome but unfortunately, there are still a large number of cases in which licences revalidated to the 30th September had not been received and, in consequence, importers who are satisfied as to the correctness of the evidence they have submitted to Government, still have to decide for themselves whether to allow goods to go forward in the anticipation that revalidated licences will shortly be received. It is unfortunate that the expectation of the Chief Controller of Imports that outstanding applications would have been dealt with early in August, has not materialised. Replies received from members to a circular sent to them on the 26th August indicated that at the end of that month 50 per cent. of their applications for revalidation of licences were still outstanding, and 71 per cent. of the applications for licences to import goods ordered under O.G.L. VII and VIII.

In November the President and Vice-President met the Hon'ble Mr. C. H. Bhabha, Commerce Minister, Government of India, when they brought to his notice the serious situation arising from the delayed receipt of revalidated import licences and the difficulties with which many members of the Chamber were consequently faced.

(1). Based on the information supplied by members at the end of August the percentages of applications then outstanding, including those which were at the time under correspondence and others in respect of which members had not heard anything from Delhi, were as follows :—

| | |
|---|---|
| Applications for revalidation .. .. | 53 per cent. |
| „ for licences for goods previously under O.G.L. VII and VIII .. | 69 „ |

Eliminating those which were the subject of corespondence, the percentages of the applications in reply to which members had not heard from Delhi were :—

| | |
|---|---|
| For revalidation .. .. .. .. | 27 per cent. |
| For O.G.L. VII & VIII goods .. .. | 26 „ |

(2) This information had already been advised by letter to the Chief Controller of Imports and the President stated that, although there had subsequently been some improvement, the outstanding applications at the end of October were still sufficiently numerous to cause anxiety to many members. He also pointed out to the Commerce Minister that, relying on assurances previously given to the Chamber that licences would be revalidated and licences for O.G.L. VII and VIII goods would be issued to all applicants who fully complied with the conditions laid down

in the Public Notice dated 16th May, many members, satisfied that they had complied with those conditions, had allowed goods to come forward in anticipation of receipt of the relative licences. The following proposals were then put to the Commerce Minister with a view to clearing up the present position which, incidentally, has added considerably to the Congestion of goods in the Docks in Bombay.

(*a*) The immediate clearance of all goods which have already arrived should be permitted without production of import licences and the relative letters of guarantee given in respect of such goods should be cancelled.

(*b*) That all goods at present on the water should be allowed to be imported without the production of import licences (if the relative licences have not been received by the time the goods arrive) on the importers showing to the satisfaction of the authorities at the port of entry that the goods are covered by orders which were accepted by the suppliers before the 16th May.

The Commerce Minister said he would give careful consideration to these two suggestions and let his decision be known at an early date.

(3) The Commerce Minister was also informed that at some ports importers had already been fined, without being given the option to execute a bond, owing to their inability to produce import licences for goods already arrived. It was recommended that all fines so far levied on importers for the non-production of licences should be refunded in full, on satisfactory proof being produced before the Customs authorities at the ports that the goods concerned were covered by orders which were definitely accepted by the suppliers before the 16th May.

(4) It was pointed out that many of the revalidated licences which might be issued now would be of little use, as there was insufficient time for the goods they covered to be shipped by 31st December. Some members had therefore asked that the period of validity of licences revalidated after 1st November should be three/four months from the date of revalidation. The Minister said Government could in no circumstances agree to this.

(5) Another point brought to his notice was that it is the practice for many members who open letters of credit to do so only when their suppliers informed them that the relative goods were almost ready for shipment. They did not open letters of credit at the time they placed their orders and, therefore, could not comply with the conditions regarding letters of credit laid down in the Public Notice of 16th May ; while on the other hand they clearly could not submit certificates to the effect that they usually did business on other than letter of credit terms. The

Commerce Minister said he regretted there could be no question of any general relaxation of the conditions laid down by Government for the revalidation and issue of licences, but he would be prepared to consider any special cases concerning the import of essential goods if full details were submitted to him.

(6) In reply to an enquiry by the President as to when some announcement would be issued by Government regarding the policy for subsequent licensing periods, the Commerce Minister stated that he expected schedules of goods which might be imported and of those which would be prohibited would be issued within the next week or two. Government's policy generally would be to prohibit the import of luxuries and other goods of which there were adequate stocks in the country, but he said Government were not yet able to give any indication whatsoever of the volume of permitted imports in the next licensing period, as the overriding factor was finance and it was not yet known how much foreign exchange would be available in 1948, pending the conclusion of further negotiations with H.M.G. regarding the sterling balances.

On the 25th November a notice was issued by the Chief Controller of Imports regarding a further extension of the validity of import licences for certain articles. By this notice revalidated licences, also licences issued to cover orders which had been placed under Open General Licences VII and VIII were automatically revalidated for shipment up to 30th June 1948 in respect of the following articles :—

IMPORT TRADE CONTROL SCHEDULE

*Part II.*—Serial numbers—2, 7, 7A, 7B, 7C, 8, 12, 13, 19, 20, 21, 26, 28, 29, 30, 31, 31A, 31B, 32, 33, 33A, 33B, 34, 34A, 36, 37(1), 37(2), 37A, 38, 39, 41A, 42, 43, 45, 46 excluding flashlights, 46A, 46B, 48, 49 to 53.

*Part III.*—Serial numbers—1B, 2, 4, 5(1), 5(2), 5A and 6.

*Part IV.*—Serial numbers—238 and 241.

*Part V.*—Serial numbers—44, 65, 66, 67(1), 67(2), 68, 69A, 70 to 76, 78, 79, 86, 87, 89, 90, 92, 93 and 94 excluding sunglasses and goggles.

With the exception of the articles numerated above, all revalidated licences and licences issued for OGL VII and VIII goods expired on the 31st December 1947 and were not available for shipment after that date.

Owing to the delays that occurred in the issue of fresh licences for the period July/December 1947, Government decided that all such licences issued will be valid for shipment for a period of

six months from the last day of the month in which the licences were issued. This decision does not apply to licences for the articles mentioned above which stand automatically revalidated up to 30th June 1948.

## CUSTOMS DUTY ON PURE SILK PARACHUTES IMPORTED FROM THE UNITED KINGDOM.

During April the Committee received a complaint from a member with regard to a change made in assessing the customs duty on pure silk parachutes imported from the United Kingdom.

Consignments had been assessed to duty against Item No. 48(*c*) of the Import Tariff as "Fabrics not otherwise specified containing more than 90 per cent. silk."

In addresssing the Central Board of Revenue in the matter, the Committee stated that they considered this assessment quite wrong as parachutes were made-up articles and there was no justification for seeking to classify them as "Fabrics." The material from which they were made up was cut into many small pieces of irregular shape; and, moreover, in the finished parachute there was a large proportion of webbing and cordage, so in any event it was incorrect to apply to such articles the additional duty on a poundage basis as shown against Item 48.

The Committee went on to state that some members of the Chamber made enquiries at the Customs House before importing these goods and it was confirmed to them that parachutes were assessable under Item 53, "Textile manufactures not otherwise specified." Until quite recently parachutes were assessed to duty under this head at 30 per cent. *ad valorem* and this the Committee contended was the correct assessment. They accordingly requested the Central Board of Revenue to issue instructions at once to Collectors of Customs to revert to the correct method of assessing these goods to duty against Item 53.

This was approved and the reply from the Central Board of Revenue is reproduced for purposes of record.

"On reconsideration the Board has decided that parachutes of the type in question should be assessed to duty as 'Textile manufactures not otherwise specified' under item 53 of the Indian Customs Tariff. Necessary instructions in the matter are being issued to the Collectors of Customs, to whom any further reference regarding grant of refund, etc., should be made direct."

## IMPORTED PIECEGOODS AND YARNS—ABOLITION OF CONTROL.

In February the Committee wrote to the Provincial Textile Controller pointing out that the existing control order, i.e., the Cotton Textiles (Control) Order, resulted in a great deal of delay

in the sale and distribution of all cloths by reason of importers having to apply for the fixation of landed costs, then to arrange for stamping of the goods, and thereafter to notify the Controller of their proposed allocations and await the issue of release orders before the goods could be invoiced to buyers and permits obtained for their despatch.

In order to minimise this delay the Chamber made certain suggestions to the Provincial Textile Controller which resulted in some improvement. The Committee felt, however, that the time had come for the complete decontrol of imported piecegoods and yarns and they accordingly addressed the following letter to the Textile Commissioner :—

" The Committee of this Chamber are of opinion that the time has now come when the control of prices and distribution of imported piecegoods and yarns should be abolished.

2. Control of distribution has, from the outset, worked unsatisfactorily; in fact, despite the complicated procedure in force, it has failed completely to achieve the purpose intended. And the more complicated the procedure has become the less satisfactory have been the effects of it, because of the inordinate delays it has caused in the distribution to the various markets of the relatively small quantities of imported goods available.

3. Further, difficulty has constantly arisen owing to the arbitrary allocation of supplies to markets up-country, which has resulted in many receiving unwanted qualities and other larger quantities than they have needed. One indication of this is the growing reluctance of the various Provincial Controllers to accept all the allocations made to them. The only practicable method of allocating supplies is by reference to the quantities and qualities the various markets absorbed in normal times, and this can only be done through normal trade channels.

4. In a letter dated the 18th February 1947 to the Provincial Textile Controller reference was made to the great delay in the sale and distribution of all imported cloths due to the procedure for fixation of landed costs and arrangements for stamping of the goods. My Committee, therefore, think it enough now to point out that imported goods are not being freely sold at the control prices, as considerable quantities have gone " underground."

5. A further point, and by no means negligible, is that the operation of these controls has thrown on to importers additional work and risks which are out of all proportion to the result achieved.

6. My Committee do not deny that on the removal of control there may be some increase in prices, but this they think will be only temporary and will be checked when goods are more freely and rapidly distributed, and the hoarded stocks come on to the market. The present difficulties arise largely through faulty distribution of available supplies and my Committee feel sure there will not be any improvement in the situation until the control of prices and distribution is withdrawn.

## MARKINGS ON IMPORTED COTTON HANDKERCHIEFS, TOWELS AND NAPKINS.

In July 1946 the Chamber wrote to the Textile Commissioner on behalf of members interested in the import of cotton handkerchiefs, towels and napkins.

A notification No. TC (12) 8/46 of 23rd March laid down that an importer shall mark on each handkerchief, towel and napkin.

(1) The Province of landing and the number of the certificate as to landed cost issued by the Controller,

(2) the month of marking,

(3) retail price.

To carry out these requirements involved an immense amount of work and considerable expense. Moreover, the stamping of these particulars on each individual piece would damage the goods themselves and considerably reduce their sale value.

The Committee therefore suggested that the most satisfactory solution was to give the required particulars on adhesive labels which could be pasted on each box or cellophane packet in which the goods were imported.

In his reply of 22nd July the Textile Commissioner stated that he was unable to agree to the Chamber's suggestion and treat imported handkerchiefs on a different basis from those manufactured by Indian mills.

However, by a notification No. TC511/IMP/10A of 31st January 1947, the Textile Commissioner agreed that in the case of handkerchiefs certified by the " Controller " to be of superior texture and which were imported in unopened special packing, such as cellophane packets, the markings might be made on a paper label securely attached to the packing.

This concession was what the Chamber recommended and was generally acceptable.

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## VISIT TO THE CHAMBER OF MR. M. E. RAHMAN, CHIEF CONTROLLER OF EXPORTS.

During the year the Chamber had two meetings with MR. M. E. RAHMAN when he was Chief Controller of Exports ; the first on 11th April 1947 and the second on 11th August 1947.

At the first meeting Mr. Rahman was informed that in the opinion of the Committee the various controls still in force should be abolished as soon as possible in the general interests of the export trade. Mr. Rahman replied that control had already been withdrawn in respect of a number of commodities including wool, tea and cotton seeds, and that it was the policy of Government to withdraw controls on other commodities at the earliest possible date.

Mr. Rahman's attention was then drawn to the control on the export of raw cotton which had for many months been the subject of criticism by this Chamber and other associations. While the general position had improved considerably since the turn of the year, Mr. Rahman was asked whether there was any possibility of this control being abolished. He said the answer to this was in the negative as Government were concerned to see that the mills in India secured their requirements of cotton at reasonable prices and they apprehended that if the export control were removed at the present time the result would be a sharp increase in the prices of types of cotton required by mills.

Mr. Rahman added that in addition to the 8 lakhs bales already sanctioned for export, Government had decided to permit exports of short-staple cotton against contracts made before 13th May 1946 and it was estimated that these exports would amount to a further 1,50,000 bales.

The question of the export of cotton piecegoods was then discussed and reference was made, in particular, to the cut of 25 per cent. in the quota for established shippers which it was understood was to be used for allocation to new-comers to the trade. Mr. Rahman pointed out that it was definitely Government's policy to permit others to have a share in this export trade and that care would be taken to see that as far as possible the quota would be allotted to exporters who could satisfy Government that they were capable of carrying on the business properly. He added that the number of new-comers permitted to export would be limited to 50 per cent. of the number of established shippers to each destination.

Reference was also made to the statements in the Central Assembly on 18th March by the Commerce Member in regard to the Government of India's intention to undertake an experiment in State trading with particular reference to oil, oilseeds, bones, bone grist and soap. Mr. Rahman was informed that the Chamber considered such a proposal by Government to be wholly wrong in principle and one that could not be too strongly condemned, in reply to which Mr. Rahman indicated that in view of the wide difference between internal prices and overseas prices for these commodities Government considered they had a right to intervene with a view to secure some of the profit on this export trade for the benefit of the State.

At the second meeting in August it was pointed out to Mr. Rahman that in recent months India's economic position had altered considerably and that there was an adverse balance of trade and it was therefore most important that everything possible should be done to encourage and develop the export trade. He was reminded that at the earlier meeting the Committee had

expressed the view that all controls over export trade should be removed or relaxed at the earliest possible date. Mr. Rahman stated that Government were well aware of the importance of encouraging export trade and were giving serious consideration to the position but recent constitutional changes had interfered with the necessary discussions. Control of certain items had already been removed but Government had to keep in mind the needs of the country owing to the shortage of several commodities.

In regard to Government's policy pertaining to the export of raw cotton, it was pointed out to Mr. Rahman that Governments decision in this regard had come too late as many importing countries had in the meantime obtained supplies from elsewhere. Mr. Rahman said he realised that this unfortunately was the case and that he expected Government would shortly announce that the period of decontrol would be extended to 31st March 1948.

He was then asked if he could state what export policies the two Dominion Governments were likely to follow, to which he replied that no definite policy had yet been decided upon but that free trade between Pakistan and the Union of India was likely to exist at least up to 31st March 1948 and that in the case of cotton piecegoods, at any rate, both Dominions were likely to have a common policy. Mr. Rahman stated that export licences issued in either of the Dominions could be endorsed in favour of a port in either Pakistan or the Union of India and expected this would be the case until 31st March, unless any alternative agreement was entered into before then.

The Committee then commented adversely upon Government's delay in announcing its export policy in regard to oilseeds and oil. Mr. Rahman agreed that there had been much delay and attributed this to three reasons. Firstly, the Food Council had to be consulted as to destinational quotas, secondly, discussions regarding the partition of India had delayed inter-departmental discussions and, thirdly, Government's control by the system of inviting tenders, which had since been abandoned. A further cause of the delay was also the question of new-comers and Mr. Rahman stated that Government had experienced difficulty in deciding which of the large number of applications they had received from new-comers should be approved. Moreover, Government had also to consider the allocation of a suitable share to crushers in the United Provinces. In reply to a question as to whether Government had any basis on which allocations were based, Mr. Rahman stated that the present intention was that 25 per cent. of the quota for oil should go direct to the crushers and as regards seeds the quota would be allotted to any merchants who could produce evidence of sale and the opening of confirmed credits.

In regard to July/December quotas for cotton piecegoods Mr. Rahman stated that Government had to bear in mind the fairly large imports of Japanese piecegoods and they were considering whether a portion of these goods should not be re-exported. Mr. Rahman was unable to say what destinational quotas had been agreed upon for the July/December shipping period.

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## EXPORT OF RAW COTTON.

(*See Report* 1946, *page* 87.)

In January the Committee of the Chamber addressed a letter to the Department of Commerce of the Government of India in regard to Notice No. 1309 of 10th December issued by the Export Trade Controller, Bombay, which read as follows:

"With reference to this Office Notice No. 1263 dated 31-10-1946 as amended on the above subject, it has been decided by the Government of India that an established shipper for any destination, who has also exported cotton outside the basic period, should not be considered for quotas admissible to non-established shippers, unless he is a small established shipper and elects to be considered as a non-established shipper by foregoing his claim as an established shipper.

2. "It has also been decided that the export of raw cotton to the U.K. should be allowed by any shipper from whom the United Kingdom Board of Trade have made purchases irrespective of whether he is an established or non-established shipper. Such exports are permissible from Karachi and Bombay according as the shippers, from whom the Board of Trade have made purchases, have shipped previously."

The Committee pointed out to Government that the notice stated that an established shipper for any destination, who had also exported cotton outside the basic period, was not to be considered for quotas admissible to non-established shippers unless he was a "small established shipper" or forewent his claim to be considered as an established shipper and elected to be treated as "non-established." This, they stated, was manifestly unfair to an established shipper, who would be debarred from any quota to destinations to which he did not make shipments in the years 1936/39, although he might have made substantial shipments to such destinations before and after the basic period. An established shipper was as much entitled to quota based on his shipments outside the basic period as was a non-established shipper. Apart from that consideration, the notice was open to criticism because of the use of the phrase "small established shipper." The Committee enquired what was the standard by which a "small established shipper" was to be judged to entitle him to a share of the quotas admissible to non-established shippers.

## EXPORT DUTY ON RAW COTTON.

In November 1946 the Committee addressed the Commerce Department of the Government of India on the question of the cotton export duty which was announced in Commerce Department notification No. 341 of 26th October 1946 in relation to the 2,00,000 bales of cotton authorised for export in the quarter ending 31st December 1946.

The Committee pointed out that the greater part of these 2,00,000 bales were sold before the export duty was imposed on 26th October, and it would clearly be most unfair to exporters who had already made prior contracts, if they were required to pay the extra duty on the cotton so sold.

The Export Trade Controller in Bombay had no instructions to exempt from the export duty any portion of the 2,00,000 bales to be exported by the end of December and the Committee therefore requested Government to issue immediate instructions to authorise Export Trade Controllers at the very least to exempt from export duty all such cotton the sale contracts of which could be shown to have been completed before 20th October.

Government replied regretting their inability to exempt from the duty raw cotton covered by contracts entered into prior to 26th October 1946 or sold but not shipped before that date.

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## EXPORT DUTY ON COTTON CLOTH AND YARN.

The Interim Budget, which was introduced in the Central Legislative Assembly during November, provided, *inter alia*, for the levy of an export duty of six annas per lb. on all cotton yarn shipped from India.

A member drew the Chamber's attention to the adverse effect the levy of this duty would have on exports of cotton waste yarn. Large shipments of cotton waste had been going forward for the manufacture of cotton blankets but after the introduction of the duty, buyers abroad had begun to complain of the high prevailing prices and had stated that Continental shippers were quoting cheaper rates and they were likely to turn their attention from India to the Continent.

Although there is a considerable shortage of cotton yarn in the country, there is no shortage of cotton waste yarn below count 1, which has always been manufactured for export and which is free from any licensing restrictions. The imposition of the new export duty is likely to deprive India of valuable exports as the new proposals have increased the price by almost 43 per cent.

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The Committee therefore submitted for Government's urgent consideration that the export duty should not be applicable to cotton waste yarn as this consists of 100 per cent. cotton waste, and should, therefore, be exempted from the duty.

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## EXPORT OF RAW COTTON—ESTABLISHED SHIPPERS QUOTAS.

By a Press Note dated 26th October 1946, Government announced the destinational quotas fixed for the export of 200,000 bales in the quarter ended 31st December, 1946 and added—

"Export licences up to 75 per cent. of these quotas will be granted to established shippers, i.e., those who exported cotton to these countries during the three years ended March 1939. The remaining 25 per cent. of the quotas have been reserved for non-established shippers."

In January 1947 the Committee of the Chamber addressed the Department of Commerce in this matter, pointing out that the cotton trade agreed it was reasonable for some quota to be reserved for new-comers and thought 25 per cent. a very adequate allocation, if, as they quite reasonably assumed, that meant 25 per cent. of the actual quota allotted for export. There remained, however, the share of the pre-war export trade held by firms which were no longer operating, and this was no insignificant proportion. The Committee estimated that on the basis of all-world exports from India the share of non-operative firms came to approximately 27 per cent. and of the exports to the Far East 40 per cent. It was understood that Government were holding this share to be allocated at their discretion, but what the trade failed to understand was why Government should withhold this substantial share of the quantity to be licensed for export (contrary to their policy announced in the Press Note of 26th October which stated that quotas would be allocated as to 75 per cent. to established shippers and 25 per cent. to new-comers) and why Government could not make a clear announcement of their policy in this regard. They went on to point out that it would be most inequitable if the share of the non-operative firms were allotted to non-established shippers in addition to the 25 per cent. of the quotas sanctioned for export, as this would mean that the established shippers would receive only 48 per cent. of the total exports calculated on an all-India basis and, if the allocations were made by destinations, established shippers to China would receive only 35 per cent. of the quota. If, in fact, it was Government's intention to divide the inoperative shippers' quotas between established and non-established shippers then the Committee insisted that in enquity this division must be on the basis of 75 per cent. to established shippers and 25 per cent. to non-established shippers.

The position was unsatisfactory in the extreme, so far as established shippers were concerned, and the Committee considered the trade had a right to demand that Government should announce without any further delay their policy in regard to the non-operative firms' quota which they had reserved.

On the 10th June, 1947, the following announcement appeared in the *Times of India* :—

"The Government of India have decided, as a temporary measure, to allow the free export of cotton, says an official *communique*. This is in view of the commodity's easier supply position in the country. All the existing restrictions on the export of cotton are thus lifted with immediate effect and until August 31, 1947, and anyone may export any variety of cotton to any destination, whether or not he is in possession of an export licence. Intending exporters should present the necessary shipping bills to the Export Trade Controllers at the ports concerned, along with an additional copy for office use. The bills will be duly endorsed for Export by the Export Trade Controllers. Exporters are warned that as this concession is available only till August 31, they should present shipping bills only when freight has been secured. Particulars of varieties and staples of cotton proposed to be exported should be specified in the shipping bills.

Following this announcement, cotton future in kerb trading in Bombay late on Monday, rose to Rs. 443 for I.C.C. September, an advance of Rs. 7-4 compared with the close of the market on Monday afternoon."

And on 29th August, 1947 :—

"New Delhi, August 28.—The Government of India have decided that the free export of cotton, originally allowed up to August 31, 1947, shall continue until November 30, 1947, says a Press note. Exporters are advised to contact the Export Trade Controller at the port concerned for the necessary details."

Early in December the Government of India announced its policy in regard to exports of cotton for the remaining months of the 1947-48 season. Under the revised policy Government decided to prohibit the export of raw cotton of long staple, i.e., 13/16" and above to all countries including Pakistan until it was known whether supplies of long-staple cotton from Pakistan would be normal during 1947-48. Exports of short and medium staple cotton continued to be free as before. The position would, however, be reviewed in March.

## LABOUR LEGISLATION.

### PAYMENT OF WAGES ACT 1936.

#### Bombay High Court Decision on Dismissal of Workmen.

Reproduced hereunder for purposes of record is the Judgment delivered by Mr. Justice Weston on a Revision Application filed by the Maheshwari Mills, Ahmedabad, against the decision of the District Judge of Ahmedabad.

Important points to note in this Judgment are :—

(1) A workman cannot be treated as continuing in the service of his employer because of his wrongful dismissal and his remedy is to claim salary or wages as damages in lieu of notice for the period provided by the agreement of service.

(2) On a declaration by the Industrial Court that the dismissal was wrongful and that it constituted an illegal change, the employee has no right to claim that he should be re-employed and paid for the period intervening between his wrongful dismissal and re-employment.

*14th November* 1945.

**Oral Judgment.**

These two revision applications arise from an order made by the District Judge of Ahmedabad in appeal, under section 17 of the Payment of Wages Act, from an order, made under section 15 of that Act by the authority appointed by the Provincial Government, upon a claim by eight operatives or ex-operatives against the Maheshwari Mills Company, Limited, of Ahmedabad. The circumstances under which this claim was brought are briefly as follows. On the 23rd of November 1942 the eight operatives were dismissed by the Mills without being given fourteen days' notice, or thirteen days' wages in lieu of notice, as required by Standing Order No. 19. On the 8th of January 1943 they applied to the authority under the Industrial Disputes Act for a declaration that their dismissal was in violation of the Standing Order, and therefore an illegal change within the meaning of the Act. They obtained from the authority such declaration. The decision was given on the 31st of March 1943, but it is now said before me to have been signed some time later. On the 10th of May 1943 the eight operatives were re-employed by the Maheshwari Mills, but on that same day they were discharged, and thirteen days' wages were tendered to them in lieu of notice. At that time it is said thay refused to accept the thirteen days' wages, but I gather they have since received them through the Labour Officer of Ahmedabad. By application they then applied to the authority appointed under section 15 of the Payment of Wages Act, Ahmedabad, on the 17th of June 1943 claiming that they were entitled to wages for the period from the 23rd of November 1942 to the 10th of May, 1943, that payment of these wages had been delayed within the meaning of clause (2) of section 15 of the Payment of Wages Act, and that a direction for their payment under clause (3) of section 15 should be given.

The application was resisted by the Maheshwari Mills mainly on the ground that the applicants were not entitled to wages between the 23rd of November 1942 and the 10th of May 1943, as they had not worked, and they had been dismissed. Mr. S. K. Desai, the authority under the Payment of Wages Act at Ahmedabad, by order dated the 25th of August 1943, held that, as the services of the applicants before him should have been terminated on the 24th of November 1942 by payment of thirteen days' wages in lieu of notice, payment of this amount could be orde-ed under section 15 of the Payment of Wages Act, and he made an order directing that each of the eight applicants should receive thirteen days' pay amounting in each case to Rs. 18-3-0. The Maheshwari Mills did not appeal to the District Judge, but the eight operatives filed an appeal contending that their claim in full should have been allowed. The learned District Judge by order made on the 31st of March 1944, held that the applicants were entitled to wages from the 23rd of November 1942 as an illegal dismissal was not a dismissal at all, and their employment must be deemed to have continued. He declined, however, to grant to the applicants anything more than basic wages. He

refused them dearness allowance, and he also declined to allow them anything for part of the period between the date of their dismissal and the date when they filed their application under the Payment of Wages Act. He considered that they had been guilty of negligence in not approaching the Industrial Court and in not making the application under the Payment of Wages Act more promptly. In the result he allowed each of the eight applicants a sum of Rs. 115. Against this order the Maheshwari Mills have filed Revision Application No. 611 of 1944, while the eight applicants filed in August 1944 a counter revision application, but which for some reason is numbered as Civil Revision Application No. 138 of 1945.

The point to be decided can be stated shortly, and is whether, after wrongful dismissal of the eight applicants, they must be considered to have remained in employment and be entitled to payment of wages. If this is found in the affirmative then I am unable to see how the non-payment of wages due as wages can be said to be something outside delay in payment of wages provided by section 15 of the Payment of Wages Act to be subject to order under that section by the authority appointed to decide claims under that section. It seems to me, however, impossible to accept that after their dismissal, wrongful though it may be, the eight applicants can be said to be " persons employed " to use the expression found in the Payment of Wages Act, or " employees " to use the expression in the Bombay Industrial Disputes Act. If a servant is wrongfully dismissed by his master, he has no remedy in law for direction of specific performance of his contract of service. His remedy lies in damages, (see Smith on " Master and Servant," 8th edition at page 121) and, if the contract of employment provides that salary or wages for a certain period may be paid in lieu of notice terminating the employment, the measure of the damages, which a servant, dismissed without notice and without payment, may claim, will be his salary or wages for the period provided in lieu of notice. By reason of Standing Order No. 19, what was in effect the contract between the parties in the present case was that thirteen days' wages were payable in lieu of notice, and, if the discharge or dismissal was wrongful by reason of the non-payment of thirteen days' wages, the eight operatives could not properly claim more than that amount in compensation as damages. The Industrial Disputes Act does not confer upon the employees, to whom it relates, rights of permanent employment. If an employer makes what is called an illegal change, the employee may seek a declaration to that effect from the Industrial Court, and on such declaration being made, the employer becomes liable to the penalty provided in section 69 of the Act, and the employee is entitled to use the declaration under section 59 of the Act when seeking to recover through a civil court or otherwise damages to which he may be entitled.

There is nothing in the Act, so far as I can find, which provides that on a declaration by the Industrial Court that an employee has been wrongfully dismissed, the employee is entitled to require the employer to take him back, and he is entitled to full wages for the period during which he has been out of employment. Why the Maheshwari Mills in this case re-employed the eight dismissed employees on the 10th of May 1943, only to discharge them the same day, is not very clear. It may be that the Mills thought that by so doing they would obviate the risk of additional fine under section 69 of the Industrial Disputes Act, in case the illegal change was considered to be a continuing offence. I myself find it difficult to understand how a wrongful dismissal can be said to be a continuing offence, for, as I have said, I find nothing in the Act which entitles the employee to further benefits than are provided in the Standing Orders, and the benefit under those Standing Orders on discharge are a period of fourteen days' notice or payment of thirteen days' wages in lieu of notice, together of course with a statement of the reasons for his discharge, except under certain circumstances. I think therefore that the learned District Judge was wrong when he held that the eight operatives must be considered as in employment for the period they

were out of employment, and were entitled to wages, though they earned no wages. It has been held by this Court, *Arvind Mills Ltd.*, v. *Gagdil*, 42 Bom. L. R. 955, that "wages" as defined in the Payment of Wages Act mean wages actually earned and not potential wages. It may perhaps be said on the authority of a decision of the Industrial Court published in the *Labour Gazette* of October 1941 at page 153, that the thirteen days' wages which were awarded by Mr. Desai by his order of the 25th of August 1943, should have included dearness allowance. The amount of dearness allowance for these thirteen days is presumably small, and its exact amount is not known to me. But it is open to argument that the Payment of Wages Act has really no application at all to circumstances such as these, and that Mr. Desai was not justified in making any order under the Act, for the thirteen days' wages payable on dismissal had then become an amount of damages due to the operatives. In the circumstances I make the rule absolute in Civil Revision Application No. 611 of 1944, and set aside the order of the learned District Judge of Ahmedabad, and restore that of Mr. Desai. The rule granted in Civil Revision Application No. 138 of 1945 is discharged. No order as to costs in both cases.

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## WORKMEN'S STATE INSURANCE BILL, 1946.

A Bill to provide for certain benefits to workmen employed in or in connection with work of factories in case of sickness, maternity and accident and to make provision for certain other matters in relation thereto was introduced in the Central Legislative Assembly in November 1946. According to the statement of objects and reasons, the introduction of a scheme of Health Insurance for industrial workers had been under the consideration of the Government of India for a long time. The necessity for such a scheme had become more urgent in view of the conditions brought about by the war. The scheme envisaged was one of compulsory state insurance providing for certain benefits in the event of sickness, maternity and employment, injury to workmen employed in or in connection with work in factories other than seasonal factories.

A scheme of this nature had to be planned on an all-India basis and administered uniformly throughout the country. With this object the administration of the scheme was proposed to be entrusted to a Corporation constituted by central legislation.

The functions of the Corporation would be performed by a Central Board consisting of representatives of Central and Provincial Governments, and of employers, workers and the medical profession. The Board would also include certain members elected by the Central Legislative Assembly. A Standing Committee of the Board would act as the Executive of the Board, and a Medical Benefit Council would also be set up to advise on matters relating to the administration of medical benefit.

The insurance fund would be mainly derived from contributions from employers and workmen. The contributions payable in respect of each workman would be based on his average wages

and would be payable in the first instance by the employer. The employer would be entitled to recover the workman's share from the wages of the workmen concerned. Workmen whose earnings did not exceed 10 annas a day would be totally exempt from payment of any share of the contributior, the entire contribution on account of such workmen being met by the employer. Provision had been made for the preparation of proper budgets and the audit of accounts.

The insured workman would be entitled to the following benefits—

(*a*) *Sickness Cash Benefit.*—A workman, if certified sick and incapable of working, would receive for a period not exceeding 8 weeks in any continuous 12-monthly period, a cash allowance equal approximately to half his average daily wages during the previous six months. He would also be entitled to receive medical care and treatment at such hospitals, dispensaries or other institutions to which the factory in which he was employed might be allotted.

(*b*) *Maternity Benefit.*—Women workers would be entitled to receive a maternity benefit at 12 annas a day for 12 weeks. They would also be entitled to medical aid at the aforesaid medical institutions.

(*c*) *Disablement and Dependents' Benefits.*—A workman disabled by employment injury would receive, for the period of disablement or life depending on whether the disablement was temporary or full and permanent as the case might be, a monthly pension equivalent to half his average wages during the previous twelve months, subject to a maximum and minimum. Where disablement was partial, the pension would be proportionately reduced. In case of death resulting from employment injury, the pension would be payable to the widow or widows, minor sons and minor and unmarried daughters, or in case there were no widow and legitimate children, to other dependents of the deceased workman. The workman would also be entitled to medical care and treatment.

Medical care and treatment to insured workmen would be provided by Provincial Governments at such hospitals, dispensaries and other institutions as might be prescribed for the purpose. The cost of the medical benefit would be shared between the Provincial Government and the Corporation in such proportions as might be agreed upon between them. In case the average incidence of sickness cash benefit in any Province was in excess of the all-India average, Provincial Governments would also bear such share of the cost of the excess incidence as might be agreed upon between them and the Corporation.

Workmen's State Insurance Courts would be set up to decide disputes and adjudicate on claims. The cost of the tribunal would be paid by the insurance fund.

The Bill was considered by the Labour Sub-Committee of the Chamber upon whose recommendations the Committee addressed the European Group in the Central Legislature in the following terms :

The Bill appears to have been framed on the assumption that wages are always paid weekly. This, however, is not the case and in Bombay, at any rate, workmen, although rated on a daily wage, are in fact paid monthly. Moreover, according to clause 2(25), the expression "wages" shall have the same meaning as in the Payment of Wages Act, 1936, and in that Act the definition of wages includes dearness allowance and bonus. In practically all factories in Bombay the dearness allowance is based on the working class cost of living index figure and this figure for any one month is not known until the end of the next following month. It follows, therefore, that it would be impracticable to calculate weekly, and in advance, the correct contribution to be paid in respect of each workman. The relative sections of the Act will, therefore, require amendment and one way of doing this might be to provide that when the dearness allowance payable in respect of one month is finally known, the necessary additions to or deductions from contributions already made in that month might be made in the next following month.

*Clause* 2.—Sub-clause 26 specifies that a week is to be the period of 7 days commencing at midnight between Sunday and Monday. This the Committee wish to point out conflicts with the Factories Act in which a week is defined as a period of 7 days beginning at midnight on Saturday. It is clearly necessary that the definition in this Bill should correspond with the definition in the Factories Act, otherwise employers would have to keep a separate set of records for the purpose of contributions to the State Insurance Scheme.

*Clause* 8.—This clause sets out the constitution of the Medical Benefit Council and sub-clause (*e*) specifies one member representing employers to be nominated by the Central Government in consultation with such organizations of employers as the Central Government may prescribe. Sub-clause (*f*) specifies that there shall be three members representing workmen. There seems no justification for appointing only one member representing employers on the Medical Benefit Council, and the Committee consider that there should be three representatives of employers on this Council in addition to three representatives of workmen, as there are to be on the Central Board of the Corporation, which is to be charged with the administration of the scheme.

*Clause* 31.—*Contributions.*—The contributions payable by the workman and the employer are set out in the first schedule. The employer's contribution on the lowest scale where a workman also has to make a contribution is six annas compared with one anna by the workman. On the highest scale it is Re. 1 as against eight annas from the workman. The Committee consider that the proportion of the total contributions payable by the employer is excessive. They are of opinion, moreover, that Government should also make a contribution to the cost of this scheme, and they suggest for consideration that a fair proportion might be one-third each by the employer, the employee and Government. In this connection I would remind you that Government's plans for improvement in the general conditions of labour in this country are already quite a heavy burden on employers and are likely to be heavier in future. If the proportion of contributions suggested above

is not acceptable to Government, the Committee suggest that Government should at least bear some of the cost of administering the scheme, as is the case in the U.K. under the National Insurance Act. In that Act it is laid down that the funds required to provide the benefits conferred by the Act and pay the expenses of the administration of it shall be derived in the case of men as to six-sevenths thereof and in the case of women four-fifths thereof, from contributions made by or in respect of the contributors by themselves or their employers. The balance is provided by Parliament. The National Health Insurance Act further specifies that in addition to the funds to be provided by Parliament as mentioned above, further sums may be provided as Parliament from time to time determines.

*Clause* 32.—Sub-clause (4) of this clause provides that contributions shall ordinarily be paid on the first day of the week and, in the case of a workman employed after the first day of the week, on the first day of his employment. Apart from the fact that an employer cannot know in all cases that the workmen he engages will continue in employment for a whole week, my Committee see no reason why contributions should be paid at the beginning of the week or at the beginning of a workman's employment. For the reasons mentioned above they consider that contributions should be payable monthly, and in the next following month when the exact amount of the contributions due could be calculated. If a time limit for this is considered necessary, it might be laid down that contributions shall be paid within one week of the payment of the relative wages.

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## INDIAN TRADE UNIONS (AMENDMENT) BILL, 1946.

(*See Report* 1946, *page* 99.)

A Bill further to amend the Indian Trade Unions Act, 1926, was introduced in the Legislative Assembly during February, 1946. The Bill was considered by the Labour Sub-Committee of the Chamber and their views were conveyed to the European Group in the Central Assembly in March 1946. The Bill was referred to a Select Committee in October of that year and their report was presented to the Legislative Assembly on the 26th February 1947.

The Committee considered the Select Committee's Report and noted from clause 4 (new section 28A) that the Government of India intended that they should be the " appropriate authority" in the case of unions whose workmen are employed in essential services, i.e., railways, mines, oilfields and major ports. The Committee considered that in the case of the latter, it was necessary to include, in addition to Port Trust workmen, others employed in work in the port such as stevedores' men. The Committee accordingly enquired of the Government of India whether the words " workmen employed in a major port " under section 28A were intended to include employees such as stevedores' men working in the docks area. To this Government replied in the affirmative.

## INDUSTRIAL DISPUTES ACT AND RULES.

(*See Report* 1946, *page* 97.)

It was recorded in the Chamber's Report for 1946 that the Committee had submitted certain views on the Industrial Disputes Bill, 1946. The Bill was referred to a Select Committee whose report was considered by the Central Legislative Assembly in February 1947. It was passed on 21st February and came into force on 1st April 1947.

In the same month the Government of India published Draft Rules under the Act and the Committee submitted the following comments on the Rules.

" *Rule* 13.—The provision that any member of a Board, Court or Tribunal may administer an oath is objectionable. This power should be given only to the Chairman of a Board, Court or Tribunal.

*Rule* 18.—*Information to be kept Confidential.*—This rule prescribes that all books, papers and other documents or things produced before a Board, Court or Tribunal may be inspected by them ' and also by such parties as the Board, Court or Tribunal allows.' My Committee are of opinion that this power of inspection should be strictly confined to the members of the Board, Court or Tribunal ; accordingly they recommend that the words ' and also by such parties a the Board, Court or Tribunal allows' should be deleted.

*Rule* 20.—*Power of Entry and Inspection.*—It should be provided that visits of inspection to any building, factory, or other place or premises, shall be made by prior arrangement with the employers. Moreover, my Committee consider that the right of such inspection should be confined to the members of the Board, Court or Tribunal and that the words ' or any other person authorised in writing by the Board, Court or Tribunal in this behalf ' should be deleted from this Rule.

*Rule* 45.—*Term of Office.*—The term of office of a workmen's representative on a Works Committee is fixed by this rule at six years except upon the first constitution of the Committee. A term of office of six years is very much too long. It should be restricted to one year, or two at the most.

*Rule* 48.—It seems unnecessary to specify that Joint Committees shall meet not less than once a month, regardless apparently of whether there are any matters for discussion. It is suggested that it would be enough to provide that the Committee shall meet as and when necessary, but ordinarily not more than once a month. It is further to be noted that office hours, particularly in Government institutions, do not coincide with factory working hours. My Committee therefore consider that the words ' working hours ' should be substituted for the words ' office hours ' and that if meetings are permitted during working hours it should be specified that they shall begin not earlier than one hour before the normal closing hour of the factory, in order to avoid unnecessary interference with factory production."

Section 38 of the Act provides that the appropriate Government may make rules for the purpose of giving effect to the provisions of this Act. Under this clause the Government of Bombay published draft rules on which the Committee commented as follows :

" *Rule* 9.—The provision that any member of a Tribunal may administer an oath is objectionable. This power should be given to the Chairman of a Tribunal.

*Rule* 13.—This rule prescribes that all books, papers and other documents or things produced before a Tribunal may be inspected by them 'and also by such parties as the Tribunal allows.' My Committee are of opinion that this power of inspection should be strictly confined to the members of the Tribunal; accordingly they recommend that the words 'and also by such parties as the Tribunal allows' should be deleted.

*Rule* 16.—*Power of Entry and Inspection.*—It should be provided that visits of inspection to any building, factory, or other place or premises, shall be made by prior arrangement with the employers. Moreover, my Committee consider that the right of such inspection should be confined to the members of the Tribunal and that the words 'or any other person authorised in writing by it in this behalf' should be deleted from this rule."

## FACTORIES ACT 1934—PROPOSED AMENDMENT.

### Designs of New Factories.

A reference was made in the Excerpts for April 1947 to an announcement by the Government of India which stated that one of the important changes in the Factories Act which they were considering was that all plans for the establishment of new factories or for extension of existing factories must be submitted to the Chief Inspector of Factories to enable that authority to satisfy himself that the design, layout and construction of factories will be such as to ensure the safety and health of the workers. These proposals were to be embodied in an amending Bill which would also provide for satisfactory arrangements to be made for the disposal of industrial and trade waste resulting from the manufacturing process to be carried out in the factory. It was the Government of India's intention to enforce strictly all provisions relating to the health, safety and welfare of workers and it would insist on satisfactory arrangements being made for the disposal of industrial and trade waste.

It will, therefore, be advisable for concerns who are contemplating erection of new factories or the extension of existing factories to take the precaution of submitting their plans to the Chief Inspector of Factories even though the proposed amendment to the Factories Act has not yet been made. It is hoped that in the new Bill provision will be made for a limit on the period within which the Inspector of Factories may indicate his approval or disapproval of any plans submitted.

## INTERPRETATION OF THE TERM "ORDINARY RATE OF PAY" IN SECTION 47 OF THE FACTORIES ACT 1934.

(*See Report* 1946, *page* 103.)

It was recorded in the Chamber's Report for 1946 that the Government of India had expressed the opinion that dearness allowance or war allowance should be treated as part of the "ordinary rate of pay" for the purposes of calculating overtime pay under section 47 of the Factories Act.

The constituent Chambers objected to this interpretation of the term " ordinary rate of pay " and the Associated Chambers ater addressed the Government of India, placing on record that industrial employers represented by the Associated Chambers lid not accept Government's *ex-parte* interpretation.

In May 1947 the Government of India, Department of Labour, informed the Association that Government's views on the interpretation of the term " ordinary rate of pay " were based on the advice of their legal advisers. Government went on to state that they were unable either by a ruling or interpretation or by the exercise of rule-making authority to enlarge or abridge the scope of any rights or privileges conferred by an Act of the legislature, and that the correct interpretation of legislative enactments was the function of the law courts who alone could give authoritative and binding decisions.

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## HOUSING PROGRAMME OF THE GOVERNMENT OF BOMBAY.

In a Press Note issued on 8th October 1946, the Government of Bombay announced its decision to set up a Provincial Housing Board with a view to formulating a long-range housing policy and undertaking an immediate programme for the purpose of encouraging and facilitating private enterprise to build houses and for building houses through the agency of Government or local bodies or both. In their Resolution No. 459/46, dated 18th January 1947, Government also announced their intention to set up a Provincial Housing Advisory Committee composed of various interests concerned.

The Committee of this Chamber received a copy of a Memorandum setting out a programme which will cover a period of five years from 1st April 1947 and which, it is stated, the Provincial Housing Board have adopted. This programme envisages the building of 15,000 tenements in the first five years at a cost, of about Rs. 8 crores, exclusive of the cost of the land. One of the ways by which it is proposed to raise the necessary money for this, apart from any contribution that may be made by the Central or Provincial Governments, is by imposing on employers in industrial areas like Bombay, Ahmedabad and Sholapur, a levy at the rate of Rs. 2 per month per employee in the case of any industrial or commercial establishment employing more than 100 workers. It is then stated in the Memorandum that the call on employers would be increased in proportion to their failure " to carry out the obligation to construct houses for their employees on their own responsibility with such assistance as Government may be in a position to offer." In a footnote it is further

stated that the form of construction referred to " cannot be but of small magnitude and the major part of the housing needs will have to be met by employers, co-operative societies and private builders."

After consulting members interested the Committee addressed the Government of Bombay, Political and Services Department, placing on record their strong objection to any suggestion that the provision of housing for workers in a city such as Bombay was an obligation on the employers concerned. In particular they objected to the proposal in this Memorandum that the provision of a portion of the funds required for building these houses should be obtained by a levy on only one section of the community, namely, employers. If the necessary houses could not in present circumstances be constructed by building societies or by individuals who dealt in house property the obligation to provide such housing, far from lying with employers, lay with Government or the local authorities concerned.

The Committee invited attention to the summary of the more important recommendations made by a Sub-Committee appointed at the Seventh Meeting of the Standing Labour Committee held on 28th August 1945, and in particular to the following points :—

(1) Government, Central and/or Provincial, should make long-term interest-free loans for the erection of houses built to approved standards, such loans being redeemable over a period of not less than 30 years.

(2) In addition to the provision by Government of interest-free loans employers should be asked to pay a sum of Rs. 2 per month per house allotted to them, any deficit there might be not covered by the employer's contribution and the loan being made up by some form of general taxation.

(3) To ensure that houses were constructed as cheaply and efficiently as possible it was essential for the Central and Provincial Governments to co-ordinate their building programmes and to ensure that the requirements of the necessary raw materials all over the country were co-ordinated by a National Housing Board.

The Committee were fully aware of the need for additional housing in Bombay but they submitted that this want could not be filled by the methods outlined in the Bombay Government's programme. Apart from the fact that they did not accept the principle that the obligation to provide houses for employees in Bombay rested directly on employers the Committee pointed out that the Government of Bombay's scheme implied financial liability which it would be quite impossible for employers to carry. In paragraph 7(b), dealing with financial assistance to employers, it was stated that an amount of about Rs. 20 lakhs a year on the average would be available from Provincial funds to assist in the construction of 80,000 tenements and if employers " fail to take advantage of this offer " the amount of the levy would be increased

so that Government may increase the number of houses to be directly built by them. This clearly implied that employers would be required to build tenements at a total cost of about Rs. 40 crores, assuming the average cost of each tenement at about Rs. 5,000. It was out of the question for employers to carry such a liability. It was noted also that standard rents would be fixed varying from Rs. 2-8 per head per month to Rs. 11 per family per month. These quite clearly could not be anything approaching economic rents based on the cost of the tenement, as the gross yield would be something under 1½ per cent. Although nothing specific was stated in the Memorandum the implication appeared to be that any "subsidy" to enable tenements to be let at the standard rents would also be a charge on employers. Moreover, to the figure of Rs. 40 crores mentioned above there had to be added the cost of the land, and in this connection one might ask where at present in Bombay was sufficient land to be found. If it was Government's intention that such tenements were to be built outside Bombay the Committee wished to point out that it would first be necessary for the transport problem to be tackled because, unless this was done, mill and factory workers would certainly not be agreeable to occupy tenements at a long distance from their places of work.

The Committee considered that the only practicable and equitable method of dealing with the housing programme was on the lines of the Government of India's proposals to which reference had already been made. They did not suggest that the Government of Bombay should necessarily delay matters until other Provinces also made a move but they did very seriously suggest to Government that their programme should conform generally to the Government of India's proposals.

## BOMBAY ADJUDICATION PROCEEDINGS (TRANSFER AND CONTINUANCE ORDINANCE, 1947).

An Ordinance to provide for the transfer and continuance of adjudication proceedings in trade disputes referred to an Adjudicator for adjudication under rule 81-A of the Defence of India Rules and pending before such an Adjudicator, was promulgated by the Governor of Bombay and published in the *Bombay Government Gazette* of 6th September 1947. The reason for the introduction of the Ordinance given in the statement appended to it is as follows :—

"A number of trade disputes have been referred by the Provincial Government for adjudication to Sir Harsidhbhai Divatia, President of the Industrial Court, under the provisions of rule 81-A of the Defence of India Rules. As the disposal of these references is being delayed on account of the preoccupation of Sir Harsidhbhai with the work of the Industrial Court and as it is essential that references of this type should be speedily disposed of, it is necessary to take powers to transfer some of these references to a Tribunal appointed under the Industrial Disputes Act, 1947, for disposal."

## RAILWAYS.

### RAILWAY BUDGET, 1947-48.

Among the more important features of the Railway Budget for 1947-48 were a small increase of one anna in the rupee on existing passenger fares from 1st March 1947 and slight adjustments in an upward direction of certain special and station to station goods rates which had in the past been fixed at what were considered low levels. The minimum passenger fare of one anna would remain. The extra yield from passenger fares was estimated at Rs. 4-3/4 crores per annum.

Another prominent feature was a works programme of Rs. 50 crores which provided, *inter alia*, for the beginning of construction of the Kanchrapara locomotive manufacture plant, a large number of staff quarters, the remodelling of a number of large stations and substantial increases in lower class coaching stock.

The Committee after studying the Budget proposals sent the following telegram to the European Group in the Central Assembly :

" Your telegram seventeenth Passenger fares no objection stop Goods rates in view of revenue necessities no objection provided incidence of increases over full range of goods affected is so small as not repeat not to increase any inflationary tendency stop Works programme cannot comment without knowing details but welcome Government intention to endeavour arrange maximum spending when slump sets in stop Welcome also formation Central Board of Transport."

In a letter following up the telegram the Committee pointed out that in view of the fact that during the next financial year general revenues required a contribution of Rs. 7½ crores from the railways, it might, in fact have been preferable to have a larger increase than was proposed, because an increase in passenger fares was a form of indirect taxation and, as the Hon'ble the Transport Member pointed out in his speech, would have a deflationary tendency. An increase of goods rates on the other hand was liable to be inflationary. This argument perhaps was academic at the present time because, presumably, there would be no prospect of the Assembly agreeing to any greater increase in passenger fares. The Committee did not so readily agree with an increase in goods rates at the present time, but, in view of the increased expenses which the railways had to face, particularly the much larger wages bill, they reluctantly accepted some small increase in goods rates as a necessity provided, however, that the total incidence of the increases over the full range of goods affected would be relatively as small as the Transport Member stated it would be in respect of foodgrains and cloth.

The Committee felt unable to comment on the proposed works programme for the reasons stated in the telegram. The Transport Member's warning about the dangers and difficulties

ahead " when retrocession sets in " if the increase in costs gets out of hand, came none too soon. The Committee welcomed Government's intention to try to arrange their development programme so that spending would be at the maximum when retrocession did set in.

Before the Budget was adopted by the Assembly on 26th February, the Transport Member announced that passenger fares below eight annas and season tickets in respect of which the single journey fare worked out to less than eight annas would be exempted from the proposed increase of 6¼ per cent. This concession was expected to reduce railway revenues to the extent of Rs. 85 lakhs.

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## RAILWAY BUDGET OF THE GOVERNMENT OF INDIA FOR THE PERIOD 15TH AUGUST 1947 TO 31ST MARCH 1948.

Members were advised by this office circular No. 27C/3447 of 27th November of some points of interest in regard to the Railway Budget which was presented to the Legislative Assembly by the Minister for Transport on the 20th November 1947. The circular is reproduced hereunder :

1. Consequent upon the partition of India the route mileage of broad-gauge railways in India is now 23,166, and metre-gauge railways 1,399.
The corresponding figures for Pakistan are broad-gauge 5,749 and metre-gauge 999 miles.

2. No agreement has yet been reached with Pakistan regarding the value of the assets transferred, but the Government of India estimate that the capital at charge in respect of railways in India on the 15th August should be about Rs. 659 crores.

3. In the original budget submitted to the Legislative Assembly last February for all railways, before partition, a surplus of Rs. 16.65 crores was estimated, but there has been a sharp increase in expenses following on the implementing of the Central Pay Commission's recommendations, rising commodity prices and the increased price of coal which would have resulted in that surplus for 1947-48 becoming a net loss of Rs. 24.74 crores.

4. The estimates for the railways *in India* for the period 15th August, 1947 to 31st March 1948, on the present rates and fares are :—

| | | Rs. lakhs. |
|---|---|---|
| Total traffic receipts | .. | 10,700 |
| Miscellaneous receipts | .. | 124 |
| | Rs. .. | 10,824 |
| Total working expenses | .. | 10,718 |
| Net revenue | .. | 106 |
| Interest charges | .. | 1,344 |
| | Deficit Rs. .. | 1,238 |

This deficit will exceed the balance in the Railway Reserve by Rs. 4½ crores.

5. Passenger fares and freight rates are to be increased. The telescopic principle hitherto applied to passenger fares will be abandoned and there will be a uniform rate of charge whatever the length of the journey, which will result in long-distance passengers paying substantially more than at present. Fares in air-conditioned coaches will be brought almost to parity with fares by air. The increases in passenger fares (which will come into force on the 1st January 1948), can be seen from the following examples :—

| | Present Fares for journeys of | | Revised Fares for journeys of | |
|---|---|---|---|---|
| | 300 miles | 1000 miles | 300 miles | 1000 miles |
| | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. |
| 1st class .. | 42 3 0 | 116 3 6 | 46 14 0 | 156 4 0 |
| 2nd class .. | 21 3 0 | 58 4 3 | 25 0 0 | 83 5 3 |
| Inter class by mail trains .. | 9 10 6 | 32 3 0 | 14 1 0 | 46 14 0 |
| 3rd class by mail trains .. | 5 10 0 | 18 12 0 | 7 13 0 | 26 0 8 |

The cost of suburban season tickets will be increased as under :—

1st class 50 per cent., 2nd class 25 per cent., Inter class 18¾ per cent. and 3rd class 12½ per cent.

The existing concession to first and second class military passengers of paying half fare will be withdrawn.

These changes are expected to increase revenue in the current period by Rs. 6.22 crores.

6. No details of the increased freight rates are yet available but Government have decided to increase some of the class rate scales and telescope them over the longer distances. It is stated that care has been taken to ensure that so far as possible there will be no increase in the cost of transport of foodgrains. Many of the schedule rates will also be abolished. The revision of coal freight rates will take some time and pending completion of it the rebate on coal shipped coast-wise is to be withdrawn, the existing terminal charges will be increased by 50 per cent. and the surcharge on coal freights will be increased by from 20 per cent. to 30 per cent. An increase of about 20 per cent. is also being made in the schedule rates for the carriage of iron and steel. The estimated additional revenue from the revised goods rates is Rs. 2.93 crores.

7. Total traffic receipts for the period 15th August 1947/31st March 1948 at the revised rates are estimated at Rs. 116.15 crores, thus reducing the deficit to Rs. 3.19 crores.

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## RAILWAYS (TRANSPORT OF GOODS) ACT, 1947.

A Bill to confer for a limited period special powers for regulating the transport of goods on railways was introduced into the Central Legislative Assembly during January 1947.

It was explained in the statement of objects and reasons that during the war the power of railway priority control was exercised under the provisions of Rule 85A of the Defence of India Rules which was continued until 25th March 1947 by

Ordinance No. XX of 1946. So long as the present shortage of certain essential commodities rendered necessary the movement of such commodities by rail without delay and in preference to less important movements, some form of priority control was considered to be essential. In the absence of express legal provision, such preferential treatment might be challenged as a contravention of section 42A of the Indian Railways Act, 1890. Defence of India Rule 85A applied generally to all movements by rail, but this Bill sought to empower Government, where preferential movements were required, to exercise preference in respect of certain essential commodities subject to certain specified conditions for a period of one year.

The Bill was sent to a Select Committee who altered it to provide that Government shall have the power to amend the Schedule at any time as circumstances may demand; so, in effect, the railway priorities control continues.

The European Group in the Central Assembly were informed that the Committee approved of the provisions of the Bill which was passed by the Central Legislature and received the assent of the Governor-General on 17th March 1947.

The question of the continuance of this control will come up for consideration early in 1948 and to enable them to express an authoritative opinion on the conditions then prevailing, the Committee requested members to keep them informed from time to time of any difficulties they experience in connection with the working of the control.

## SHIPPING.

### BILL TO PROVIDE FOR THE CONTROL OF SHIPPING.

A Bill to provide for the control of shipping was introduced in the Central Assembly during March 1947. The statement of objects and reasons explained that Ordinance No. XX of 1946 whereby provision was made for the continuance, *inter alia*, of Defence of India Rule 65 relating to control of trade by sea ceased to be valid on 25th March. It was considered that conditions were still so abnormal as to make it necessary to continue a form of control with a view to ensure the required priority for movement by sea of coal, foodstuffs and other essential cargoes. With regard to ships registered in British India, the Bill provided for a system of licensing which would enable the Shipping Authority to specify the trades in which ships might engage and the voyages which they might undertake and to issue directions in respect of passenger and cargo priorities and rates. Ships registered outside British India would not be subject to licensing but might

be given priority directions if they were taking up passengers or cargo in a British Indian port for discharge at a port in the continent of India. By the exercise of these powers Government would be able to ensure essential supplies of coal both to the railways and for industry in the south and west of India and transport of foodgrains and salt from the west coast.

Provision was also made in the Bill for the control of fares and freight rates. In existing conditions Government considered it desirable that this power should be taken in order "to protect the public from exploitation." The fares and rates in nearly all other forms of transport were being controlled and it was Government's view that sea transport should not be allowed to form an exception. This provision would also enable action to be taken should circumstances necessitate it to prevent rate wars and other wasteful competition.

The Bill was referred to a Select Committee whose report was presented to the Assembly and adopted by the House on 9th April 1947. In accepting the Select Committee's report the Government of India agreed to limit the life of the Act to 31st March 1948, provided that the Central Government might by notification in the official *Gazette* direct that it shall remain in force for a further period not exceeding one year.

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## CONTROL OF SHIPPING ACT 1947—SETTING UP OF A SHIPPING BOARD.

During May the Commerce Department, Government of India, informed the Associated Chambers that they had under consideration the question of setting up a Board as provided for in section 9(2) (b) of the Control of Shipping Act 1947 (passed during the last session of the Central Legislature) to advise Government on the question of regulating shipping rates in accordance with section 6 of the Act.

It was Government's intention that (a) the Board should consist of whole-time members in view of the limited life of that body as prescribed by the Act, (b) members of the Board should be limited to three including the Chairman, and (c) all the members should be independent persons and not representative of either shipping or shippers. In coming to these conclusions, Government were influenced by the considerations that :—

(i) it would be difficult to obtain representatives of shipping companies who could serve as whole-time members ;

(ii) The Board would, in the course of their work, be called upon to examine the financial working of the shipping companies concerned, and the companies might object to their accounts being scrutinized either by members of rival concerns or by representatives of shippers ;

(iii) the Board might find it very difficult to submit agreed recommendations if it were composed of conflicting interests and it would work more smoothly if it had impartial members unconnected with the matters coming up before it.

On being asked for an expression of their views by the Associated Chambers the Committee stated that as the work of the Board would be whole-time it seemed unlikely that any company or shipowner would be able to spare the services of an experienced assistant. It was their understanding that it was Government's intention to appoint this Board on the lines of a Tariff Board which would, in the ordinary course of its functions seek, where necessary, expert advice from the respective shipping interests. If there was any doubt about this the Committee considered that the Associated Chambers should make it clear that it presupposed that this would be the procedure, and that the shipping interests concerned would be given a full opportunity for expression of their views before any decisions were taken.

## DEVELOPMENT OF MINOR PORTS IN THE PROVINCE OF BOMBAY.

In December 1946 the Government of Bombay, Revenue Department, informed the Chamber that they had set up a Committee to consider the possibilities of developing minor ports in the Province, and enquired whether the Chamber had any suggestions to make on the question of the facilities required at minor ports to meet the demands of trade and any views on which ports should be developed as major ports.

In their reply, the Committee stated that in their opinion the development of Karwar should be given serious consideration. There was a very good natural harbour at Karwar and a good trunk road from Karwar to the Ghats. In addition, the Committee understood that a survey for a metre-gauge railway to link Karwar with Hubli was made some years ago. They accordingly expressed the view that the development of this port was well worth careful examination.

## SHIPPING SERVICES BETWEEN INDIA AND AUSTRALIA.

In December 1946 the Mercantile Marine Department, Government of India, stated that Government had received reports from time to time that the existing shipping services on the India-Australia trade were inadequate to cover fully the requirements of that trade. In order to enable them to consider the matter further, the Principal Officer enquired of the Chamber.

(*a*) the approximate extent to which the available tonnage and passenger facilities had met the demand and

(*b*) the Chamber's views as to the adequacy of the existing services.

The Committee informed the Mercantile Department that, as regards cargo, there was adequate shipping space available in both directions. They added that there was still some shortage of passenger accommodation, largely due to the quantity of passenger tonnage which was lost during the war, but this difficulty was world-wide and India was as well served in this connection as were other countries at the present time.

Similar views were also conveyed to the Government of India, Commerce Department, when they enquired at a later date as to the adequacy of shipping services between India and different ports of the world.

## CONGESTION IN THE DOCKS TRANSIT SHEDS.

In July the Port Trust forwarded for the views of the Committee a copy of a report made by the Docks Manager regarding the abnormal congestion which existed in the Docks transit sheds and the difficulties experienced by consignees in tracing their consignments.

The Docks Manager gave the underlying reasons for the abnormal state of affairs :

1. Large scale dumping of American consumer goods, particularly glassware, nylon and silk parachutes and plastics. This has caused a large drop in prices and a consequent saturation of the market.
2. Lack of godown accommodation in Bombay.
3. Inability of the railways to handle the traffic offered.
4. Closing of certain markets owing to communal troubles.

He suggested as a remedy the levying of deterrent charges on importers who used the transit sheds as storage places for cargo instead of taking delivery. He accordingly suggested that the free days allowed for import cargo should be reduced from 6 to 5 and that after the expiry of the free days cargo should be allowed 6 single extra fees instead of 12 as at present and thereafter double extra fees should be levied.

After giving careful consideration to the Docks Manager's report the Committee addressed the Port Trust in the following terms :—While it was a fact that certain importers were at present making use of the transit sheds as warehouses, there were several factors quite outside their control which led to this being done. Briefly these were :

(1) The total volume of imports now arriving was made up of a much larger number of small consignments to different importers than was the case before the war. This, of course, was partly the result of Government's system for the licensing of imports and had naturally complicated the task of sorting and stacking goods in the sheds with the resultant delay in clearing consignments out of the docks.

(2) There were great delays at the present time in the procedure for customs clearance. It is the exception rather than the rule if these formalities are completed in less that 8-10 days.

(3) The delay by the Government of India in the issuing of import licences necessitated goods being cleared under bonds or letters of guarantee, and the procedure for the passing of these documents through the Custom House and the Import Control Office further delayed the clearance of goods.

(4) There was inadequate Port Trust warehouse accommodation due partly to the number of sheds destroyed by fire in April 1944.

(5) There was a serious shortage of godown accommodation in the city in addition to which there was inadequate railway transport available and consequent restrictions on the despatch of goods from Bombay.

The factors mentioned above were in general beyond the control of importers and the Committee, therefore, could see no justification for the levying of deterrent extra fees; moreover, in view of the present conditions which contributed to the congestion in the docks sheds, they did not consider that the levying of such fees would achieve the desired result.

With regard to sorting and stacking of goods in the sheds the Chamber received constant complaints from members that this was not being properly supervised. Even allowing for the fact that in present circumstances goods from several steamers had to be stacked in the sheds before earlier arrivals were cleared, the Committee thought that much more could be done by the Port Trust officials in the docks to see that the goods from one steamer were stacked together and not scattered over various parts of the shed, and further, that goods were stacked as far as possible according to marks. Apart from any delays in completion of various formalities in the Customs House, the fact that consignments were dumped in various parts of the sheds, frequently with the marks on the underside, and cases belonging to other consignments from different steamers stacked on top of them, further added to the difficulties and delays in customs examination and the removal of packages from the sheds.

Members were asked to do what they could to expedite removal of their goods from the docks and the Committee expressed the hope that the Port Trust would give close consideration to the question of ensuring more orderly sorting and stacking of cargo in the transit sheds.

There was one further point which the Committee desired to bring to the notice of the Port Trust and that was that owing to the present drastic restrictions on imports into India, it was probable that the congestion of cargo in the docks would gradually lessen, and after about the end of October the position should be much better. For the reasons given above, the Committee urged that the proposal to levy deterrent extra fees should be dropped.

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## MERCHANT NAVY OFFICERS' TRAINING COMMITTEE.

In December 1947, the Chamber received from the Associated Chambers of Commerce of India, a copy of the questionnaire issued by the Merchant Navy Officers' Training Committee with regard to training of officers for the Indian Mercantile Marine. The questionnaire was carefully considered by the Committee of this Chamber in consultation with the Shipping Sub-Committee, and their views on the various questions are reproduced hereunder.

*Question* 1.—Assuming a large expansion in the Indian Mercantile Marine during the next five to seven years, which would require the services of a much larger number of Deck and Engineer Officers than is available in India at present; would you please state your views as to the best system to be adopted for training such extra officers ?

*Answer* 1.—The present system under which boys are first trained in the Training Ship and thereafter as Cadets in cargo vessels is satisfactory. As far as Engineer Cadets are concerned, the present system of giving training prior to practical training in workshops does definitely appear to give good results as without the " Dufferin " training only a very low percentage of workshop trained Engineers would qualify for certificates.

*Question* 2.—Do you consider the present system of training cadets in the Indian Mercantile Marine Training Ship " Dufferin " to be satisfactory ? If not, please explain in detail the various measures by which in your opinion, the system of training could be improved.

*Answer* 2.—The present system of training Cadets on the Indian Mercantile Marine Training Ship " Dufferin " appears to be adequate.

*Question* 3.—Do you consider that the period of training in the " Dufferin " could be reduced from three years, as at present, to two years without affecting the quality of the cadets passing out of the " Dufferin."

*Answer* 3.—The period of training on the " Dufferin " should be maintained at three years. My Committee do not consider that two years is sufficient for the required purpose.

*Question* 4.—If so, would you recommend a revision of the present conditions of entry and a recasting of the curriculum with a view to :—

(*a*) taking in cadets after Matriculation ;

(*b*) raising present age limit for entry from 13 years 8 months—16 years, as at present, to 14—17 years, or any other higher age group ;

(*c*) elimination of the teaching of such general subjects as have no direct bearing on the future profession of the cadet.

*Answer* 4.—If Cadets were taken in after the Matriculation, it is true that the teaching of general subjects could be reduced. This, however, would mean that Cadets would go to sea a year later than they do at present. It is considered that the younger they go to sea the better and my Committee are not, therefore, in favour of the proposed change.

*Question* 5.—With a view to expanding facilities for pre-sea training of Merchant Navy Officers, would you recommend the establishment of one or more training ships of the " Dufferin " type, the establishment of one or more nautical schools ashore or a training ship combined with a shore establishment ? Please indicate the places where, in your opinion, such new establishments may be located.

*Answer* 5.—Assuming that the training on the " Dufferin " is generally considered satisfactory, another ship will be required if it is intended to expand the Indian Mercantile Marine, provided sufficient Cadets are available. Such a ship should be located on the east side of India, possibly at Vizagapatam. As regards Engineer Cadets, it will be beneficial if approved Schools could be established ashore to enable Cadets while undergoing workshop training, to progress with Engineering studies. This facility will also be a great boon to those Cadets who take up service in the Merchant Navy and require refresher courses before presenting themselves for examination. For Officer Cadets, however, a Training Ship is preferable.

*Question* 6.—Do you consider that a sea-going tender is a necessary adjunct to training establishments set up ashore ? If so, please give your views as to the type of vessel that would be suitable for the purpose.

*Answer* 6.—Please see reply to No. 5. A sea-going tender is not necessary for the training of Engineer Cadets.

*Question* 7.—If facilities for training Merchant Navy Officers are to be expanded, what in your opinion, are the sources from which the necessary teaching staff may be recruited.

*Answer* 7.—For scholastic subjects only through the Universities. For seamanship and purely technical subjects from fully certified ex-Merchant Navy Officers, preferably men of wide experience. It would seem there ought to be some source of supply of such ex-officers amongst elderly men who, for domestic reasons, faulty eyesight, or as a result of war wounds, etc., are unable to continue at sea. Ex-Merchant Navy Officers with Naval Reserve experience if available would be perferable.

*Question* 8.—Are you in favour of the system of training Executive and Engineer Cadets in the same training ship as in the " Dufferin " at present ? Please state your reasons for the answer.

*Answer* 8.—My Committee are in favour of both branches being trained together as they have to work together when they go to sea. Such a system is of mutual advantage to Cadets of both sections. Good feeling between these two branches cannot be instilled too early.

*Question* 9.—From a perusal of the Annual Reports on the "Dufferin," it is found that a large number of cadets either do not take up a career at sea or leave it very soon after passing out of the "Dufferin." Can you suggest any measures for the prevention of this wastage ?

*Answer* 9.—It is quite true that a large number of Cadets either do not take up a career at sea or leave it very soon after passing out of the "Dufferin." It seems probable that some parents send their boys to the "Dufferin" as they consider that they get a good general education there. As regards others, who take up positions ashore after passing through the "Dufferin," presumably some find a shore or semi-shore job more lucrative than going to sea, but the terms of service in the Mercantile Marine have been considerably improved lately and the effects have possibly not yet been seen. There is no doubt, however, that when Engineer Cadets are capable and well trained they have, generally speaking, an advantage over the wholly workshop trained apprentice. Moreover, the former have at their command a fairly wide field from which to seek employment. It remains to be seen, however, whether the revised terms and conditions of the Mercantile Marine prove more attractive to the "Dufferin" boys than they have in the past.

*Question* 10.—In the past the Royal Indian Navy has maintained contact with the "Dufferin" by seconding an Officer for appointment as Captain Superintendent of the "Dufferin." Do you consider that this contact should be maintained and strengthened ? If so, what measures should be adopted to further strengthen the contact between the "Dufferin" and the Royal Indian Navy ?

*Answer* 10.—The Royal Indian Navy should continue to maintain contact with the "Dufferin" and should assist the Training Ship as much as possible. Possibly other Officers might also be appointed from the Royal Indian Navy. A certain number of "Dufferin" boys enter the R.I.N. and the contact can thus be adequately maintained.

*Question* 11.—Do you consider that there is a need for educational establishments in India for giving instructions to intending candidates for the professional examination of the Ministry of Commerce for Certificates of Competency for service in the Mercantile Marine ?

*Answer* 11.—The establishment of educational institutions for giving instructions to intending candidates for the professional examinations of the Ministry of Commerce for Certificates of Competency for service in the Mercantile Marine would be useful. In this connection please see answer to No. 5.

*Question* 12.—If so, do you consider that this can be achieved.

(*a*) by the establishment of special Nautical and Engineering Schools; or

(*b*) by the inauguration of special classes in the existing technical schools and colleges which train candidates for other vocations also.

*Answer* 12.—It is suggested that the object could best be achieved by the establishment of Nautical Schools similar to those existing in the U.K. This would depend, however, to some extent on the numbers requiring facilities for this purpose.

*Question* 13.—If (*a*), do you consider that Government should encourage the establishment of such schools under the auspices of private organisations with such assistance from Government as may be necessary or whether Government themselves should establish such a school or schools ?

*Answer* 13.—If schools are decided upon, an attempt should be made to establish them by means of private organisations, assisted if necessary by Government.

*Question* 14.—If (*b*), which of the present technical institutes would, in your opinion, be in a position to inaugurate such courses and with what assistance from Government ?

*Answer* 14.—My Committee do not feel competent to express a view in this matter but presumably the Provincial Ministry of Education would give an authoritative opinion. Government assistance ordinarily need not be more than help with purchase of school equipment, and of a money grant sufficient to cover any operating losses. In this latter connection it is to borne in mind that officers in quest of post-sea training are usually able to pay substantial fees and invariably would be found to be well supplied with text books.

## GENERAL.

### THE SIND ESSENTIAL COMMODITIES (CONTROL) ACT, 1947.

In view of the difficulties many members were experiencing in the movement of goods from Sind, both to Bombay and destinations in North India, the Chamber took up this matter with the Karachi Chamber of Commerce and the information supplied by the Secretary of that Chamber was conveyed to all members by circular No. 294/3084 of 22nd October 1947, which is reproduced hereunder :

(1) The Government of Pakistan has not imposed any restrictions on trade between the two Dominions, but restrictions on the movement of goods out of their respective Provinces are being imposed by the Provincial Governments. Where such restrictions are imposed they apply to the movement of goods out of the Province whether to a destination in Pakistan or in India.

(2) The commercial community in Karachi have been given emphatic assurances by the Government of Sind that the present restrictions are intended only to prevent any movement of goods which would be likely to have an adverse effect on the economy of the Province and they are not intended to affect normal trade movements.

(3) At present, in the absence of an agreed method of classification, there is a certain amount of confusion as to which goods do or do not come under the control. Steps are already being taken by the Government of Sind to issue a comprehensive list of controlled items, and to avoid ambiguities they will be classified according to the Customs Import Tariff.

The first list of controlled goods consisted mainly of building requisites and machinery and the issue of permits was placed in the hands of the P.W.D. Other articles have subsequently been added to the list and the official concerned cannot now cope with the applications for permits. Steps are being taken to remove this " bottleneck."

(4) By orders issued under the Sind Essential Commodities (Control) Act, 1947, certain goods are specified as " essential commodities " over which control *may* be exercised by Government. Certain goods may not be sold or disposed of without a permit and the export of others is prohibited except under a permit. Details of these are given in the attached statement.

(5) Transhipment of goods manifested for Karachi but intended for distribution in India will be allowed if a certificate is obtained from the P.W.D. that no prohibited goods are included in the consignment or, if there are any such goods, that they may be on-carried from Karachi.

(6) The movement of stocks from a depot in Sind to one in India will ordinarily be permitted if it can be shown that such movement is a normal business transaction and not a "panic flight." The Customs Authorities at Karachi will not permit goods manifested for Karachi to be off-loaded at any other port, and have informed steamer agents that if this is done they will be liable to the penalties specified in clauses 16 and 17 of section 167 of the Sea Customs Act.

(7) There is no restriction on the despatch of registered postal parcels from Karachi to Bombay but all parcels have to be taken open to the post office for examination to ascertain whether or not any "prohibited" goods are contained in them.

(8) No Commodities specified in the Schedule to the Essential Commodities (Control) Act may be sold or offered for sale at a price higher than

(*a*) in the case of an imported commodity, the landed cost plus any charges incurred for freight, octroi or other duties plus 20 per cent of the landed cost.

(*b*) in the case of a commodity produced in India or Pakistan, the cost of production plus any charges incurred for freight and octroi or other duties plus 20 per cent. of the cost of production.

**Sind Essential Commodities (Control) Act, 1947.**

1. Items defined as "essential commodities" over which control may be exercised by Government :—

1. Raw cotton.
2. Cement.
3. Charcoal and firewood.
4. Cattle fodders.
5. Electric building goods.
6. Sanitary goods and fittings.
7. Deodar.
8. Hume pipes.
9. Galvanized iron pipes.
10. Cast iron pipes.
11. Paints.
12. Nails and door and window fittings such as bolts, all-drops, hinges, handles and nuts.
13. All raw and new fabricated ferrous (iron, material and mild steel section of all description and plates including barbed wire.
14. Agricultural machinery and implements.
15. Road making machinery.
16. All materials mentioned in Schedule II attached to the Iron and Steel Control Order 1941, not otherwise specified above, except pig iron.
17. Steam engines, oil and diesel engines, electrical motors, generators, transformers and switchgears.
18. All machinery including motor cars, motor trucks and motor cycles, excepting sewing machines in actual use.
19. All surgical appliances and apparatus including medical stores.
20. Toilet requisites.
21. Any other commodity required for building or furnishing purposes which may be notified in the official *Gazette* by the Provincial Government.

2. Holders of Stocks of the undernoted commodities are prohibited from selling or disposing of them except under permit to be issued by the Executive Engineer, Karachi Buildings Division; but cement may be sold or disposed of without permit in quantities up to two wagon loads.

1. Cement.
2. Electric building goods.
3. Sanitary goods and fittings.
4. Swalli wood (ballies).
5. Deodar and *kutcha* teak-wood.
6. Hume pipes.
7. Galvanised iron pipes.
8. Cast iron pipes and brass pipes.
9. Paints and distempers.
10. Nails and door and window fittings such as bolts, all-drops, hinges, handles and nuts.

3. The following commodities may not be exported out of Sind by rail, sea or any other means, except under a permit from the Deputy Secretary to Government, P.W.D. :—

1. The 10 items mentioned in paragraph 2 above.
2. All raw ferrous material and M. S. section of all descriptions and plates including barbed wire.
3. Agricultural machinery and implements.
4. Road making machinery.
5. All the materials mentioned in Schedule II attached to the Iron and Steel Control Order, 1941, not otherwise specified above, except pig iron.
6. Steam engines, oil and diesel engines, electrical motors, generators, transformers and switchgears.
7. Stationery including paper, fountain pens, pencils.
8. Artificial silk and woollen articles not manufactured in Pakistan.
9. Vegetable and essential oils.
10. Rubber goods.
11. Radios, not forming the personal effects of a passenger.
12. Gunny bags, hessian cloth and jute twine.
13. Unsewn cotton and woollen cloth.
14. Sewing thread and yarn of all descriptions.
15. Optical goods.
16. Glassware.
17. Varnishes.
18. Crockery and enamelware.
19. Hosiery and Haberdashery.

Enquiries were received from members with regard to paragraph 8 of the circular, as several were advised by their offices in Karachi that no price control was in fact operating. The Secretary of the Karachi Chamber was addressed again in regard to this and in reply he stated that the price control notification had not been cancelled and was therefore still in force. It did not, however, apply to all items specified in the Schedule to the Control Act but only to certain building materials which were "frozen," namely :

1. HARDWARE.

*Fixtures required for Building construction.*—Tower bolts, chains and staples, door handles, butt hinges, iron hooks, door knobs, rim locks, brass tubes ½"—¾", wire nails 1"—2", etc.

2. ELECTRIC BUILDING MATERIALS.

Wall plugs, sockets, switches, ceiling roses, lamp-holders, etc., distribution boards and switch fuses, house service motors and house service pumping sets, ceiling fans, table fans, electric lamps, etc.

3. SANITARY FITTINGS.

C.I. rain and soil pipes and fittings, pipes and fittings for water supply, hand pumps, sanitary fittings, flush tanks, gratings and manholes, etc.

This correction was advised to members by circular on the 20th November 1947.

On the general question of the movement of goods from Sind to India (other than goods in transit), the Karachi Chamber of Commerce advised its members that the issue of permits would depend on (1) there being no ready market in Sind, (2) the movement being in the normal way of trade—bearing in mind that such abnormalities as shortage of coal and restricted railway services may make diversion from a normal route perfectly normal in abnormal times—and other movement if it can be shown that such movement will not cause a shortage of the commodity concerned in Sind in the near future by reason of surplus stocks, further expected imports, etc.

## BUSINESS CONDITIONS IN NORTHERN INDIA.

As a result of the outbreak of large-scale communal disturbances in September, business conditions in Northern India became seriously affected. In most cases clerical and subordinate staffs were obliged to leave their employment either with or without notice with the result that business in the larger towns of the Punjab, particularly Lahore, came to a complete standstill.

As it was felt that members whose business interests were being adversely affected in those areas might like to have an opportunity of an informal exchange of views, the Chamber convened a meeting of members on 30th September to examine ways and means by which they could be of mutual help to each other. The views expressed at the meeting revealed.

(*a*) that business was at a complete standstill because the staffs of banking and business houses were obliged to leave their respective employments for safer places,

(*b*) that letters and documents were not being received through normal postal channels,

(c) most offices had been sealed by the Provincial Government officials and that those business men who had gone to Lahore for the purpose of making a survey of their business conditions were informed that while they might remove books, records and office furniture, no stocks or machinery might in any circumstances be removed. The definition of machinery had been very widely interpreted with the result that Government officials of the West Punjab were preventing removal of stocks of any merchandise,

(d) refusal to grant permission for the on-carriage of goods which had been discharged at Karachi but were intended for markets in the North of the Dominion of India to be shipped out of Karachi and, in other cases, of goods manifested for Karachi not yet landed to be on-carried to Bombay.

The outcome of this meeting was the formation of a Sub-Committee consisting of the following gentlemen :—

L. A. Halsall (Vice-President), *Chairman.*
E. L. C. Gwilt, Esq.
M. J. Dickins, Esq.
V. E. Pennell, Esq.
Sheraton Southam, Esq.
C. E. Penn, Esq.
H. A. White, Esq.
H. C. MacColl, Esq.

The Sub-Committee was appointed to consider

(1) mutual help in the rehabilitation or replacing of staff,

(2) interchange of information between members,

(3) arrangements if possible for the despatch of letters and documents by air freight,

(4) the possibility of making arrangements for the location and retrieving of stocks in course of transit at various places in Pakistan.

Members were asked to let the Chamber know as soon as possible of any difficulties they would like the Sub-Committee to consider and of any suggestion they may have to make to assist the Sub-Committee in dealing with this problem.

The Committee met on two occasions and a summary of their findings are as follows :—

(1) In regard to arrangements for the despatch of letters and documents by airfreight they ascertained that it would cost Rs. 10,000 to charter an aeroplane. Since the meeting in

September airmail letters had been coming through reasonably quickly both from Lahore and Delhi and it was decided to take no further action on this point.

(2) The Committee learned from the Karachi Chamber of Commerce that the commercial community in Karachi had been given specific assurances by the Government of Sind that the existing restrictions on the movement of goods from that Province were intended to put a stop only to such movement of goods as was likely to have an adverse effect on the economy of the Province and was not intended to affect normal trade movements, but that a good deal of confusion had arisen in the interpretation of these orders which had resulted in the export, from Sind of a large range of articles, not in the prohibited list, being banned.

The position was that the Customs authorities were frequently in doubt as to whether goods entered for shipment came into the prohibited category or not. When in doubt they referred the shipper to the P.W.D. for a permit and the Under Secretary to the P.W.D. was inundated with requests for permits covering a wide range of goods, to cope with which he had neither the staff nor the necessary knowledge.

It was understood that fresh orders would be issued which would have the effect of freeing from all restrictions the movement of goods not specifically on the prohibited list and also of expediting the disposal of applications for permits to export such goods.

(3) With regard to goods at present arriving in Karachi the Pakistan Government had expressed the opinion that the majority of these were intended for distribution to markets in Pakistan. The officer in charge of the issue of permits for the movement or re-export of goods was the Under Secretary to Government, P.W.D., and as this department was also largely responsible for dealing with housing and rehabilitation of refugees the amount of time this involved meant that proper attention could not be given to applications for permits for the movement of goods.

(4) All premises in Lahore left with no one in charge were sealed by the District Magistrate and if owners of these premises did not restart business without delay stocks were disposed of by Government either by sale to Government Departments or sale by auction.

(5) All claims for goods and properties lost were to be lodged with the Custodian of Evacuee Property, and it was expected that the Northern India Chamber of Commerce would be willing to see that all claims from members of this Chamber would be delivered in the right quarter.

The Sub-Committee decided that members should be advised of information received from the Karachi Chamber of Commerce and that apart from this there appeared to be no specific action the Chamber could usefully take to assist the members.

## DIVERSION OF CARGO MANIFESTED FOR KARACHI.

In November 1947 the Chamber was advised by the Karachi Chamber of Commerce that in regard to steamers which called first at Bombay, the Karachi Customs Authorities had agreed that, subject to permission being obtained from the Collector of Customs, Bombay, for the manifest to be amended, goods may be unloaded in Bombay even though their original destination might have been Karachi. The landing of such goods in Bombay was also dependent on the agreement of the steamer agents.

As regards cargoes which went direct to Karachi the Chamber was advised that all cargo originally manifested for Karachi had to be entered for clearance and to be discharged there and permission for re-shipment or transhipment would only be given after payment of customs duty. There would be no objection to such duty-paid cargo going forward either in the same steamer or in another one and so far as the Karachi Customs Authorities were concerned there would be no objection to landed cargo remaining on the wharf awaiting re-shipment and no question of it being subjected to the Provincial Government restrictions normally applicable to cargo taken into the Docks Area.

## CENTRAL PAY COMMISSION REPORT.

By resolution No. F 2(11)-E 11/46 of the 10th May 1946 the Government of India appointed a Commission to enquire into and to report on

(*a*) the conditions of service for Class I, Class II and Subordinate Central Services as well as establishments now designated as inferior who are subject to the Civil Services (Classification, Control and Appeal) Rules, or the Railway Services (Classification, Control and Appeal) Rules and Railway servants, as defined in paragraph 101, State Railway Establishment Code, Vol. 1 with particular reference to :

"i. the structure of their pay scales and standards of remuneration with the object of achieving rationalisation, simplification and uniformity to the fullest degree possible,

ii. the extent to which the present leave terms should be altered and simplified, and

iii. conditions of retirement and the extent to which the existing regulations in regard to pensions and contributory provident fund require simplification ;"

(*b*) the machinery for negotiating and settling questions relating to conditions of service which may arise out of differences between Government and its employees ;

(c) the principles on which the remuneration of industrial workers and daily rated employees of Government should be based."

By a Resolution dated the 3rd July 1946 "civilian Government servants whose pay is charged to the Defence Services estimates" were also brought within the scope of the reference. By letter No. D293-Est. (Spl.)/46, dated the 6th November 1946, the Finance Department communicated to the Commission the desire of the Home Department that when submitting their report, the Commission should also make recommendations regarding the pay scales for the new all-India Administrative Service and all-India Police Service which it was proposed to form.

The Central Pay Commission had as its Chairman the Hon'ble Sir Srinivasa Varadachariar, ex-Judge of the Federal Court, and the members were:

The Hon'ble Mr. Hossain Imam, President, Council of State.

Mr. N. V. Gadgil, B.A., LL.B., M.L.A.

Mr. Frank Anthony, M.L.A.

Lt.-Col. Dr. J. C. Chatterjee, M.L.A.

Sardar Mangal Singh, M.L.A.

Mr. N. M. Joshi, M.L.A.

Mr. Vadilal Lallubhai, M.L.A.

Mr. C. V. S. Rao, O.I.E., and

Mr. K. R. P. Aiyangar, M.B.E. (*Secretary*).

The Commission published its report in May 1947 and recommended, *inter alia*, that the minimum living wage for a working class family and a middle class family should be Rs. 55 and Rs. 90 respectively.

The Rs. 55 included a dearness allowance of Rs. 25 and constituted the lowest wage which the Commission considered should be paid to a Central Government servant, on the basis of the cost of living index prevailing at that time, with the exception that unskilled workers under 21 years of age would draw Re. 1 less for each year of age under 21.

At the other end of the scale the Commission proposed a ceiling salary of Rs. 2,000 per month, to be relaxed only in the case of a few selected posts for officers of the Central Government.

The amount of dearness allowance will be subject to alterations, up or down, should the cost of living vary substantially and the Commission recommended the following scales :—

| | | | | | |
|---|---|---|---|---|---|
| Basic pay ranging up to Rs. 50 | .. | Dearness allowance | Rs. | 25. |
| Basic pay from Rs. 51 to Rs. 100 | .. | „ | „ | Rs. | 35. |
| „ „ „ Rs. 101 to Rs. 150 | .. | „ | „ | Rs. | 40. |
| „ „ „ Rs. 151 to Rs. 200 | .. | „ | „ | Rs. | 45. |
| „ „ „ Rs. 201 to Rs. 250 | .. | „ | „ | Rs. | 50. |
| „ „ „ Rs. 251 to Rs. 300 | .. | „ | „ | Rs. | 60. |
| „ „ „ Rs. 301 to Rs. 500 | .. | „ | „ | Rs. | 70. |
| „ „ „ Rs. 501 to Rs. 750 | .. | „ | „ | Rs. | 85. |
| „ „ „ Rs. 751 to Rs. 1,000 | .. | „ | „ | Rs. | 100. |

The Commission further expressed the opinion that a review of the scales of dearness allowance should be undertaken every six months and that any variation of 20 points in the cost of living index, upwards or downwards, would necessitate a change in the allowance. They further recommended that all other allowances, whether in cash or kind, granted during the war to meet the high cost of living should be merged in this allowance.

In regard to the retiring age limit the Commission recommended that this should be raised from 55 to 58 for all services and that the retirement benefits should consist of a monthly pension plus an insurance cover, the premia to be found by Government. In addition to pay and dearness allowance, house rent and compensatory allowance would be admissible in costlier cities at the following rates subject to the usual conditions attaching to such allowances.

**Central Government Gazetted Officers.**

| *In Bombay City.* | *Compensatory allowance.* | *House rent allowance.* |
|---|---|---|
| Salary below Rs. 500 .. .. .. | Rs. 50 | 15% of salary. |
| „ Rs. 500 to Rs. 999 .. .. | „ 75 | 15% „ |
| „ Rs. 1,000 to Rs. 1,499 .. .. | „ 75 | 12½% „ |
| „ Rs. 1,500 and over .. .. | „ 100 | 10% „ |

Gazetted officers in Karachi, Madras, Hyderabad (Deccan), Lahore, Ahmedabad, Delhi and Cawnpore will not get any compensatory allowance, but they would be entitled to a house rent allowance. Officers in Karachi in all categories will get a flat rate of ten per cent. of pay as house rent allowance. Similarly a flat rate of 7½ per cent. of pay will be paid as house rent to officers of all the four categories in Madras, Hyderabad (Dn.), Lahore, Ahmedabad, Delhi and Cawnpore.

Non-gazetted staff stationed in Bombay and Calcutta and the other industrial cities mentioned above will get both the compensatory and house rent allowances. For Bombay and

Calcutta, the compensatory allowance ranges from Rs. 5 for a person drawing a salary not exceeding Rs. 35 to Rs. 20 for a person drawing above Rs. 300. The house rent allowance ranges from Rs. 10 for those drawing a salary not exceeding Rs. 35 to 10 per cent. of pay for those drawing above Rs. 300.

The time scale system of pay would continue. The "Subordinate" and "Inferior" services would henceforth be classified as Class III and Class IV services respectively.

The Government of India accepted the basic pay structure recommended by the Commission and also their recommendations in regard to uniform scales of pay and dearness allowance. Government also agreed to the grant of house rent and compensatory allowance in highly populated and costly industrial cities like Bombay; but did not agree with the Commission that no dearness allowance should be granted to persons drawing a salary of more than Rs. 1,000. They therefore decided to grant to officers drawing salaries between Rs. 1,000 and Rs. 2,000 a dearness allowance at the rate of 10 per cent. of salary subject to a maximum of Rs. 150.

## CONTROL OF THE ACCOUNTANCY PROFESSION.

On the 24th April 1947 a memorandum was received from the Government of India, Commerce Department, which contained a tentative scheme regarding the constitution and functions of an autonomous association of accountants through which the profession of accountancy in India would assume responsibilities at present vested in Government.

In considering this scheme the Committee informed the Commerce Department that they had borne in mind that the accountancy profession in India was "closed" and nobody could audit the accounts of a public limited company unless he had been admitted to the Register of Accountants.

They therefore considered it essential that Government should retain considerable powers and it was noteworthy that in the United Kingdom, although the Council could decide which bodies of accountants should be allowed to practice as public accountants, any such body whose application was refused could appeal to the Privy Council.

The Committee considered that the powers reserved to Government should certainly be so reserved and recommended that item "B" of the proposed transferred functions should also be subject to control.

It might be that after a number of years it would be possible to reduce the control exercised by Government, but the Committee felt it best that these powers should gradually fall into disuse

by reason of the proper exercise by the Board of the powers delegated to it. It must be remembered that there had so far been only two elections to the Board, and the latter could hardly expect to have the same authority as was given to bodies of accountants in the United Kingdom.

The Committee considered that the large number of nominated members (twelve) was likely to arouse criticism but here again they felt that it was necessary in the public interest that the Commerce and Income-tax Departments should be represented on the controlling body, though three members representing Income-tax might seem a large proportion. They also considered that a Registrar of Companies might be useful on the Board.

Subsequently the Associated Chambers were informed that the Government of India had decided to set up an expert Committee of eight consisting of the following persons:—

(1) One member each from the three Chambers of Commerce.
(2) Two members of the Indian Accountancy Board.
(3) An officer of the Central Board of Revenue.
(4) Two members of the Central Legislature.

The Committee were to examine the proposals and suggestions received in connection with the scheme and submit their recommendations about the constitution and functions of the proposed autonomous association of accountants.

MR. B. J. WHITBY was nominated to represent the Associated Chambers on the Expert Committee.

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## INDIAN TARIFF BOARD.

### PROTECTION TO THE COTTON TEXTILE INDUSTRY.

In January the Secretary, Indian Tariff Board, stated in a letter to the Chamber that the period of protection granted, on the recommendation of the previous Tariff Boards, to the cotton textile industry would expire on 31st March, 1947. Government was examining the question as to what should be done in respect of the continuation of protection beyond 31st March, 1947, and the matter had been referred to the Tariff Board, who had been asked to have a summary discussion with the representatives of the industry and other interested parties and to make recommendations with due regard to the interests of both manufacturers and consumers.

The following is the text of a letter which the Committee addressed to the Secretary, Indian Tariff Board.

"I acknowledge receipt of your letter TB/G/42 of the 6th January in which you point out that the extended period of protection to the cotton textile industry in India is due to expire on the 31st March next and that Government has referred the matter to the Tariff Board, who have been asked to advise as to the discontinuance or extension of the present measure of protection.

2. In paragraph 2 of your letter, you set out the points for consideration and I now give you the views of the Committee of this Chamber on these points.

*Point* (*a*).—Should the existing measure of protection be continued, withdrawn, or kept in abeyance, in view of the absence of import of cotton cloth on a large scale or the establishment of the industry on a firm footing under the shelter of protection.

It is well known that there is at present a world shortage of cotton piecegoods, and so far as can reasonably be foreseen it is likely to be a matter of some years before available supplies will meet the demand. My Committee accordingly consider that if the existing protective duties were withdrawn altogether, this would in no way adversely affect the Indian industry as available supplies for export to this country are so small. Moreover, the prices of imported goods are now very much higher than the prices of similar types of cloth made in this country. The Committee do not suggest, however, that the protective duties should be altogether withdrawn at the present stage, but they are definitely of opinion that these duties should be held in abeyance. Such action at the present time would be of advantage to the consumer and, as already stated, would be of no disadvantage whatever to the industry in this country.

*Points* (*b*) *and* (*c*).—These do not arise in view of the answer given to (*a*) above.

*Point* (*d*).—What action should be taken as regards detailed examination of the position of the industry from the point of view of necessity or otherwise of protection as a long-term measure.

My Committee are of opinion that in the present abnormal conditions resulting in short supplies and high prices of all cotton piecegoods no detailed examination of the position of the industry could usefully be undertaken. At some later date when international trading conditions more nearly approach normal, a detailed examination of the question should be undertaken as was last done in 1932."

A conference of the interests concerned was convened by the Tariff Board on 21st and 22nd January at which the Chamber was represented by MESSRS. A. L. HUTSON (President), L. A. HALSALL (Vice-President), C. J. DAMALA and T. J. HUDSON.

Subsequently the Tariff Board issued its report in which it stated that the industry had failed to substantiate its demand for extension of protection after 31st March 1947. The Board accordingly recommended that the protective duties might be allowed to expire, to be replaced, however, by such revenue duties on cotton textiles as might be imposed on budgetary considerations.

The Board further recommended that a tariff enquiry should definitely be guaranteed to the industry as soon as imports of cotton piecegoods exceeded, for three months running a monthly average of 25 million yards, unless the industry itself asked for a

tariff enquiry earlier in order to determine whether the volume and prices of imports affected the position of the Indian industry so as to call for reimposition of protection at levels which might be disclosed as necessary during that inquiry.

Government accepted the main recommendation of the Tariff Board and agreed that the world position of the cotton textiles industry was such that there was very little prospect in the near future of any textile producing country exporting cloth to India in such quantities as to compel the indigenous industry to curtail its production or to produce at unremunerative prices.

Government also accepted the Board's second recommendation and had no hesitation in giving the industry the assurance and guarantee suggested by the Board.

The rates of revenue duty to be imposed on imports of cotton piecegoods and yarn are under consideration and will be announced, Government add, at the appropriate time.

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## PROPOSED TARIFF NEGOTIATIONS BETWEEN MEMBERS OF THE PREPARATORY COMMITTEE ON TRADE AND EMPLOYMENT.

In January 1947 the Government of India advised the Associated Chambers that the Preparatory Committee on Trade and Employment, of which India is a member, had recommended that at the second session of the Committee to commence at Geneva on 8th April 1947 members of the Committee should enter into reciprocal and mutually advantageous negotiations directed to the substantial reduction of tariffs ande limination of preferences. The Committee was composed of the following members:

Australia, Belgium and Luxemburg, Brazil, Canada, China, Chile, Cuba, Czechoslovakia, France, India, Lebanon, Netherlands, New Zealand, Norway, Union of South Africa, United Kingdom, U.S.S.R., and United States.

The negotiations were to be on a selective product by product basis and each country would be free to decide what items in its tariff should be brought within the scope of the negotiations, whether the existing tariff treatment should continue or whether there should be a reduction in rates of duties and if the latter what the extent of the reduction would be.

The Government of India proposed to send to each of the other members of the Committee a provisional list of commodities on which they intended to seek concessions and to follow this a few weeks later by a revised and detailed list indicating any additions or alterations that may be found necessary in

the first list and the nature and extent of the concessions desired in respect of each commodity. In the preparation of the revised list the Government of India requested the advice of the Association on the following points.

(i) the commodities in respect of which tariff concessions should be asked for from each of the other members of the Committee named above;

(ii) whether the concession should be in the form of a binding of the tariff treatment or a reduction in rates of duties; and

(iii) if the latter, what the extent of reduction should be.

After bringing this letter to the notice of members the Committee informed the Government of India that a member of this Chamber had suggested that the following commodities should be permitted to be imported into India on a special reduced tariff:

Caustic Soda.
Sodium Carbonate (Soda Ash).
Acetic Acid Glacial.
Cresylic Creosote.
Borax (crystals and powder).
Copper Sulphate.
Citric Acid.
Tartaric Acid (both crystals and powder).

The reason given for this suggestion was that these products were in short supply and the quantities of them manufactured in India were insufficient to meet the demands of industry.

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## PROPOSED CHANGES IN TARIFF CLASSIFICATION MINERAL OIL, ETC.

In August 1947 the Chamber was asked for its views by the Department of Commercial Intelligence and Statistics on a proposal to split up the existing tariff valued article "Mineral Oil, etc.," under item No. 27(7) of the Indian Customs Tariff into two different heads "Diesel Oil" and "Furnace Oil."

After consulting members interested the Committee informed the Director of Commercial Intelligence and Statistics that they agreed with the proposal.

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## COTTON—CLASSIFICATION, PRICES, ETC.

On 23rd May the Chamber received through the Government of Bombay a copy of the questionnaire issued by the Commodities Prices Board, New Delhi, regarding cotton classifications and prices. This was considered by the Committee of the Chamber and their views which were submitted to the Commodities Prices Board, New Delhi, on the points raised are as follows:—

1. The classification adopted by the Government of India as set out in Notification No. 33(2)-TB/46 of 12th April 1946 issued by the Department of Industries and Supplies was satisfactory and no change was thought necessary.

2 and 3. The ceiling prices of Sind deshi, Bengal deshi, Berar, C.P.1 and C.P.2 were too low. These prices were fixed during the war at a time when the varieties mentioned represented "orphan" cotton and there was no export outlet for them. Moreover, as the Committee of the Chamber had pointed out in a letter dated 4th November 1946 addressed to the Department of Commerce, trading in these cottons was taking place freely at prices above the ceiling prices, despite the fact that such trading was a penal offence under the Cotton Control Order.

The Committee considered it Government's duty to ensure that cotton prices were not driven down to a level which would result in the grower not getting a fair return and they recommended therefore that the present floor prices should be continued.

4. In advocating the establishment of floors for varieties of cotton, the Committee suggested that floor prices should be fixed for the "orphan" cottons mentioned above so as to ensure that prices did not drop to a level at which the grower would not receive a fair return.

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## PROVISION OF FREE LEGAL AID TO PERSONS OF MODERATE MEANS.

The Government of Bombay sent to the Chamber a copy of letter No. D10/46 of 11th December 1946, from the Government of India, Legislative Department, setting out the principal features of the Rushcliffe Committee's report, the legal aid which the State gives to the poor litigant in India, and the tentative views of the Government of India, and asked for the views of the Chamber on the proposals.

In reply to the Government of Bombay, Home Department, the Committee stated that they were in full agreement with the Government of India that free legal aid at present available in India to persons of restricted means was totally inadequate.

It was clearly desirable that a defendant who had not the means to defend a suit to which he had a good defence should receive assistance from the State. There would also be many instances in which it would be equitable for a plaintiff to receive such assistance, but the Committee thought it most important that the grant of any such assistance to plaintiffs should be strictly controlled in order to prevent the institution of frivolous and vexatious complaints.

The question put forward by the Government of India involved a number of legal points and the Committee were in agreement with the Bombay Legal Aid Society who had suggested

to the Government of India that a special Committee should be appointed to examine the whole question and make recommendations to Government.

## QUOTATIONS FOR C.I.F. PRICES FOR EXPORTS TO CANADA.

In November 1946 the Director of Commercial Intelligence, Calcutta, forwarded to the Chamber for its views a copy of a letter dated 6th July 1946 from the Indian Government Trade Commissioner in Toronto. The Trade Commissioner referred to a complaint made by a firm in Vancouver that Indian exporters did not usually quote c.i.f. prices nor give full particulars of the weights in pounds and cubage of packages. The Director of Commercial Intelligence wanted to know if there was any special reason for Indian exporters not quoting on a c.i.f. basis.

In their reply the Committee pointed out that there was no difficulty now in quoting c.i.f. for shipments to Canada. During the war it was very difficult and at times impossible, to give c.i.f. quotations, and it might be that some exporters were still inclined to avoid c.i.f. commitments because they felt that they were operating on a sellers' market and could still get business on f.o.b. offers. Quotations on a c.i.f. basis for the West Coast of Canada presented no difficulty at all, but it was slightly more involved in the case of the East Coast as freight might be less certain, particularly if transhipments were necessary, or during the winter months when traffic to the East Coast ports was handicapped by ice. However, c.i.f. quotations could be given if the effort was made.

The Committee added that there was no reason now why exporters should not be able to give details of weights and measurements when they were offering goods for sale and, indeed, they should do this if they had any desire to work up a mutually satisfactory export trade.

## TINDALS' PROTESTS.

In August the Chamber received a letter from the Bombay Underwriters' Association together with an extract from the *Travancore Government Gazette* No. R. Dis. 1157/47/Devpt./B, dated 13th May 1947, setting out the procedure to be followed by all Port Officers and others required to note protests in ports in Travancore.

According to these instructions

I. On receipt by the Notary Public of a report that cargo

had been jettisoned, he or any other officer deputed by him for the purpose should—

(i) immediately inspect the vessel and record all signs of visible damage;

(ii) record statements from not less than three members of the crew as to when, where, how and what cargo was jettisoned;

(iii) record particulars of vessel's tonnage, tonnage of cargo carried, tonnage of cargoes alleged to have been jettisoned and establish whereabouts in the vessel it was stowed.

The Officer in charge of the ports nearest to the place of jettison should then be asked for particulars of weather conditions on that day.

If investigation brings to light no suspicious circumstances the tindal's statement may be accepted. If otherwise the proceedings should be forwarded to the Controlling Officer for Customs for orders, and if necessary, action should be taken against the tindal under section 149 (16) of the Travancore Sea Customs Act, V of 1088.

II. If the vessel concerned is to leave the Port before the Notary Public is satisfied that the short landing of cargo is due to jettisoning on account of stress of weather and for the safety of the vessel, a penalty equal to single duty or less on the quantity short-landed should be collected as security after consulting the Officer in charge of the Customs House, before granting port clearance pending full investigation into this case.

The Underwriters' Association suggested that the Chambers of Commerce in South India should be urged to recommend to the Madras Government the adoption of a similar procedure by all Port Officers in South India since malpractices still persisted at these ports.

The Committee agreed with the suggestion of the Underwriters' Association and accordingly addressed the Associated Chambers of Commerce recommending that, if it had not already been done, the Association should address the Chambers of Commerce in South India with a view to getting this procedure adopted at all South Indian ports.

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## AIR MAIL FEES.

At the Annual General Meeting of the Associated Chambers of Commerce of India held at Calcutta on Monday, 16th December 1946, the following resolution was adopted unanimously:—

'That this Association, having regard to the importance to the economic welfare of the country, more particularly its industrial and commercial advancement, of the air mail services, now, or likely to be, in operation

between this and other countries, urges upon the Government the necessity of an early revision of the existing air mail rates with a view to bringing these nearer the levels which were in operation prior to the war."

The text of the resolution was forwarded to the Director General, Posts and Air, from whom a reply has been received in the following terms:—

"The Department is fully alive to the desirability of offering low air mail rates. The air mail rates of U.S.A. have already been reduced by six annas per half ounce in the case of letters and four annas per postcard with effect from 1st January, 1947. The Department will consider further reductions of air fee rates as and when circumstances permit."

## INSURANCE OF IMPORTS INTO INDIA.

In December the Superintendent of Insurance, Government of India, stated in a letter to the Chamber that it was understood that the Iranian Government had decreed that all goods imported into Iran should be insured with insurance companies registered in Iran. A similar position was said to be prevailing in Argentina and this restriction applied to goods imported by the above countries from *all* countries and not merely to goods imported from India. Government was examining the question whether similar restrictions should be enforced in respect of goods imported into India from Iran and Argentina in particular, or in respect of all imported goods, and asked the Chamber for its views.

The Committee agreed that such restrictions were unusual but they did not share the view that India should take retaliatory action, at least until representations had been made to the Government of Iran. If India were to retaliate with similar measures there would, generally, have to be double insurance of most shipments between the two countries, except exports sold on f.o.b. basis, and this would lead to needless complications. It was, therefore, suggested that before retaliatory action was taken the Government of India should make suitable representations to the Government of Iran pointing out the difficulties that would arise by such interference with an international business like marine insurance.

In any case the Committee were strongly opposed to the suggestion that such restrictions, if imposed, should be applicable to *all* imported goods, irrespective of the country of origin. Should negotiations with the Government of Iran prove unsatisfactory and the Government of India consider it necessary to impose some form of restriction, this should apply only to imports from Iran.

A copy of the Iranian decree is reproduced for information.

**Copy of the decree passed by the Iranian Government in connection with Exports to Iran.**

On 4th June 1947, the following Government decree was ratified :—

" 1. All goods imported into this country must be insured by Insurance Companies which have been registered in Iran. The Authorised Banks are, therefore, required to demand, upon receipt from merchants of applications to open credits in cover of imports, certificates evidencing that the goods have been insured with one of the Insurance Companies registered in Iran. After production of such certificates credits may be established.

2. Exports sold on an f.o.b. basis, or belonging to foreign merchants, are exempt from the provisions of decree No. 34198; and may be insured at the wish of the purchasers, but all other exports must, in accordance with the terms of the aforementioned decree, be insured with the Iran Insurance Company.

*Note* 1.—F.O.B. sales must be certified by an Authorised Bank.

*Note* 2.—Decree No. 34198 states that the Customs will not issue an exit permit for commercial exports unless a copy of the insurance policy, evidencing that the goods have been insured in Iran, is exhibited to them."

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## RECOMMENDATIONS OF THE SCARBOROUGH COMMISSION OF ENQUIRY ON ORIENTAL, SLAVONIC, EAST EUROPEAN AND AFRICAN STUDIES.

In July the Associated Chambers of Commerce of India received a letter from the offices of the High Commissioner for the United Kingdom calling for their views on the recommendations made by the Scarborough Commission of Enquiry on Oriental, Slavonic, East European and African Studies. In turn the Chamber was asked to comment on the recommendations of the Scarborough Commission with special reference to recommendations 12(A), 12(B) and 13(iv) regarding the training for members of the official services, training for people engaged in commerce, industry and finance and the setting up of Training Centres in India to assist the recovery of British trade.

After considering the recommendation of the Scarborough Commission and an extract from the minutes of the Official Committee on Universities appointed to survey the recommendations contained in the Commission's report, the Chamber offered the following comments.

The recommendations of the Commission regarding training for members of the official services were now largely out of date so far as they concerned India. The Committee agreed that it was certainly desirable that men recruited in the U.K. to join firms and companies in India should, so far as is possible, have some preliminary training in England, particularly in Hindustani, before they came out, but of course the only real way to get knowledge of India and Indians was by working in this country

and having direct contact with them. The Committee did not consider that training centres for Europeans in India would serve any useful purpose.

## POST-WAR EMPLOYMENT OF DEMOBILISED SERVICE PERSONNEL.

In September 1947 the Regional Directorate of Resettlement and Employment which supervises the working of the various employment exchanges in Bombay Region informed the Chamber that it had been decided to constitute an Employment Advisory Committee on which representatives of workers, employers and other interests affected by the Scheme would be represented.

The functions of the Committee will be purely advisory and will deal with all matters of public interest concerning labour, training schemes of the department and resettlement and employment problems. Government were of the opinion that the Committee's suggestions would be useful in assisting them to promote full employment in private and public enterprise.

The Committee on being asked to nominate a representative to serve on the Advisory Committee submitted the name of MR. J. CHARANJIVA.

## RESETTLEMENT IN CIVIL LIFE OF DEMOBILISED MEDICAL PERSONNEL.

In May 1947 the Chamber was approached by the Secretary, Bombay Medical Resettlement Committee, in the matter of the resettlement in civil life of demobilised medical personnel, and he asked that all members who were likely to be in need of the services of medical personnel should be reminded that an Employment Bureau had been set up by the Government of Bombay. At this Bureau there was a register of Medical Officers, Nurses, Compounders and Ward servants who were desirous of obtaining employment.

The matter was brought to the notice of members through the excerpts.

## DIRECTORATE GENERAL OF DISPOSALS.

### DISPOSALS ENQUIRY COMMITTEE.

In May 1947 the Associated Chambers asked for the views of constituent Chambers on a summary of the minutes of a special meeting of the Standing Advisory Committee of the Industries and Supplies Department to consider the report of the Disposals Enquiry Committee.

The Committee noted with regard to paragraph 2 of the summary of the minutes that the Disposals Enquiry Committee thought it better for India not to purchase outright from H.M.G. all surplus stores as on 1st April 1947 but to continue to dispose of those surpluses on behalf of H.M.G. The Committee did not agree with that and saw no reason why the Government of India should not adhere to their decision to purchase surpluses outright from H.M.G. It would, the Committee thought, be more satisfactory from the point of view of both parties if this were done and with the experience Government had so far had in disposing of surplus stores they should have been able to estimate with reasonable accuracy what prices they could have paid to avoid incurring any appreciable loss. In December 1945 the Government of India agreed to buy all American surpluses in India, and it should have been equally easy for them to have come to an agreement on that point with H.M.G.

The Committee agreed that it was of the utmost importance that surpluses should be disposed of as quickly as possible. To this they added that in their opinion it was equally important that the declarations of all surpluses should be completed quickly.

The Committee agreed with the views of the Standing Advisory Committee as set out in paragraphs 4, 5, 7 and 8, except that they did not see the objection to reserve prices being "reasonable." The Disposals Enquiry Committee themselves emphasised the necessity of reserve prices being fixed at an attractively low level in order to stimulate competition. With regard to paragraph 7, they thought it most important that the results of all sales should be published in the fortnightly bulletin of the Disposals Directorate.

In paragraph 6 of the summary of the minutes the Advisory Committee expressed the view that the present time limit of one month given to priority bidders should be rigidly enforced. According to the Enquiry Committee's report one of the reasons why priority bidders had not been able to come to a decision within one month was the great difficulty in many cases of arranging for inspection of goods which were in outlying depots. For this reason the Committee thought any rigid enforcement of the time limit of one month might on occasions be disadvantageous to Government.

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## PUBLIC HOLIDAY ON 1ST JULY AND 31ST DECEMBER.

The following notification No. 4762/34 of 18th April issued by the Political and Services Department, Government of Bombay, declaring Tuesday, 1st July and Wednesday 31st December to be public holidays under the Negotiable Instruments Act is reproduced for purposes of record.

"Under Section 25 of the Negotiable Instruments Act, 1881 (XXVI of 1881), read with the Notification of the Government of India, Home Department, No. 228/17 dated the 1st April 1938, the Government of Bombay is pleased to declare Tuesday the 1st July 1947 and Wednesday the 31st December 1947 to be public holidays in the City of Bombay to enable banks to make up their half-yearly and annual accounts."

## WOOL SURVEY MISSION.

In January 1947 MR. A. STAYNES and MR. A. WHALLEY, members of the Wool Survey Mission touring the wool growing and manufacturing areas of India, met members of the Chamber interested in the manufacture of wool. Mr. Staynes explained to members the aims and objects of the International Wool Secretariat and discussed with members the possibility of increased consumption of wool, both indigenous and imported, in India and the future possibilities for the export of Indian wool.

A copy of the Report issued by the International Wool Secretariat on the findings of the Commission is available for inspection by members in the office of the Chamber.

## THE INDIAN STANDARDS INSTITUTION.

(*See Report* 1945, *page* 140.)

With a view to prescribing standards of specifications and grading for industrial production in India, the Government of India have set up an Indian Standards Institution which will be managed by a General Council which will, so far as practicable, divide the work of the institution into divisions for the more direct and convenient administration of the affairs and work of the Institution. The Associated Chambers have been allotted a seat on the General Council and will be represented by MR. C. J. L. STOKOE of New Delhi.

This Chamber has joined the Institution as a "sustaining member."

## MARITIME LABOUR ADVISORY COMMITTEE REPORT, 1947.

In January the Government of India announced their decision to set up a Maritime Labour Advisory Committee to advise Government from time to time on all problems concerning maritime labour. Among the representatives on the Committee there was to be a nominee of the Associated Chambers of Commerce, and this was required to be someone generally interested in shipping matters and in social and labour problems, but not a shipowner or an employee of a shipping company.

In response to requests for nominations the Committee of the Chamber submitted the name of MR. J. J. COPE, and he was duly nominated a Member of the Committee. He resigned

in August on his departure from India and no further nomination has been made. The Associated Chambers have been notified by the Ministry of Commerce that the constitution of the Committee has been revised and that membership of it will be restricted to representatives of shipowners and seafarers.

## VISIT TO BOMBAY OF SIR TERENCE SHONE, BRITISH HIGH COMMISSIONER FOR INDIA.

In February, SIR TERENCE SHONE, the British High Commissioner for India, visited Bombay and met members of the Committee of the Chamber and had informal discussions with them on trade and commerce in India and future Indo-British trade prospects.

## APPOINTMENT OF DEPUTY HIGH COMMISSIONER FOR THE UNITED KINGDOM IN BOMBAY.

In September 1947, MR. G. V. KITSON, C.B.E., was appointed Deputy High Commissioner for the United Kingdom in Bombay.

MR. KITSON met the Committee of the Chamber soon after he took up his appointment in Bombay and briefly outlined his duties and responsibilities. He stated that the British Trade Commissioner at Bombay would be the economic adviser and deal with purely trade matters while he himself would deal with United Kingdom interests as a whole. He went on to say that so long as India remained in the British Commonwealth, he did not anticipate that he would deal with passports, marriages, births, deaths, care of British seamen, etc., but that these would be among his duties if India went outside the Commonwealth.

## VISIT TO THE CHAMBER OF MR. A. D. AZHAR, INDIAN GOVERNMENT TRADE COMMISSIONER TO AUSTRALIA.

During April 1947 MR. A. D. AZHAR, Indian Government Trade Commissioner to Australia, visited the Chamber and discussed with the Committee matters affecting trade between India and Australia, with particular reference to the export of piecegoods and oils (groundnuts and linseed) to Australia.

## RESTRICTIONS ON THE NUMBER OF PUBLIC CARRIERS PERMITS.

In October the Chamber received a letter from the Regional Transport Authority saying that it was proposed to limit the number of goods vehicles operating for public hire (i.e., public carriers permits) in the Bombay Region. The Regional Transport Authority inquired whether the Chamber had any objections or suggestions to offer with regard to the proposal and asked for a representative to attend a meeting on 16th October to discuss

the matter. The meeting was attended by the Vice-President and there were also present representatives of the Indian Roads and Transport Development Association, the Bombay Lorry-owners' Association, the Provincial Motor Transport Association and General Motors India Ltd.

From the information given at the meeting it appeared that the principal reason for the proposal was to prevent uneconomic competition by reason of more vehicles being registered than there was need for. A secondary reason mentioned was to prevent any unnecessary use of petrol, but this would be only secondary because if no limit were placed on the total number of vehicles registered there would be no objection to the registration of any number of diesel-engined vehicles. The members present at the meeting were informed that there are now 4,800 public carrier permits in the Bombay Region compared with 3,000 before the war. It was stated that with a view to getting some idea of the volume of traffic to be moved in Bombay an estimate had been obtained of the total weight of goods brought into and sent out of Bombay by rail and sea and that this amounted to 33 lakhs of tons a month.

In a letter confirming the views put forward by the Vice-President at the meeting, the Committee stated that provided the number of vehicles plying for public hire was fully adequate to move all the tonnage offering they would not be opposed to some limit being fixed for the total number of vehicles to be registered, as they held the view that there should be no return to the uneconomic competition and cutting of rates among transport operators such as there was before the last war. At the same time it was important, as mentioned above, to ensure that the number of vehicles available was quite adequate to meet the demand so that, while there would not be any uneconomic competition, there would be no incentive for operators to charge unduly high rates.

At the meeting some conflicting views were expressed as to the average number of trips which a goods truck could reasonably be expected to make per day. An estimate of six trips per day was made by the representative of the Lorryowners' Association. On a 25-day month this would mean that one lorry carrying a load of 5 tons could move 750 tons a month.

It was admitted at the meeting that it was almost impossible to form an estimate of the tonnage of other goods to be moved in Bombay in addition to those which entered and left the city, but to allow for this the Committee thought it would not be unreasonable to increase the figure of 33 lakhs tons by one-third, making a total of 44 lakhs tons. To move this tonnage approximately 6,000 vehicles would be needed and they agreed that it would be justifiable to put a limit at this figure for the present,

subject to review of the whole question in three or six months' time. Moreover, assuming that goods vehicles continued to be registered at the present rate of six per day it would be about six months before the figure of 6,000 was reached. Clearly, the question should be kept under constant review and the Committee trusted this would be done and that, whatever maximum limit might be fixed for the present, the question would, in any event, be reviewed after the expiry of six months.

## WEATHER WORKING DAYS.

The following days during the monsoon months of 1947 were declared to be half or non-weather working days for vessels working in the docks.

| | |
|---|---|
| Saturday, 21st June .. .. .. | Half weather working day. |
| Wednesday, 2nd July .. .. .. | Half weather working day. |
| Thursday, 3rd July .. .. .. | Half weather working day. |
| Friday, 11th July .. .. .. | Non-weather working day. |
| Wednesday, 16th July.. .. .. | Half weather working day. |
| Thursday, 17th July .. .. .. | Half weather working day. |
| Monday, 18th August .. .. .. | Non-weather working day. |
| Wednesday, 20th August .. .. | Half weather working day. |
| Thursday, 21st August .. .. | Half weather working day. |
| Friday, 22nd August .. .. | Half weather working day. |
| Saturday, 30th August .. .. | Non-weather working day. |
| Monday, 1st September .. .. | Half weather working day. |
| Monday, 22nd September .. .. | Half weather working day. |
| Tuesday, 23rd September .. .. | Non-weather working day. |
| Monday, 29th September .. .. | Half weather working day. |
| Tuesday, 30th September .. .. | Non-weather working day. |

The Deputy Conservator of the Port in consultation with the Harbour Master and a representative of the Chamber, decided that the following days were half or non-weather working days for vessels working in the stream.

| | |
|---|---|
| Thursday, 17th April .. .. .. | Non-weather working day. |
| Friday, 18th April .. .. .. | Non-weather working day. |
| Saturday, 19th April .. .. | Non-weather working day. |
| Saturday, 21st June .. .. .. | Half weather working day. |
| Wednesday, 2nd July .. .. .. | Half weather working day. |
| Thursday, 3rd July .. .. .. | Half weather working day. |
| Friday, 11th July .. .. .. | Non-weather working day. |
| Monday, 14th July .. .. .. | Half weather working day. |
| Wednesday, 16th July .. .. | Half weather working day. |
| Thursday, 17th July .. .. .. | Half weather working day. |
| Monday, 18th August .. .. .. | Non-weather working day. |
| Wednesday, 20th August .. .. | Half weather working day. |
| Thursday, 21st August .. .. | Half weather working day. |
| Friday, 22nd August .. .. | Half weather working day. |
| Saturday, 30th August .. .. | Non-weather working day. |
| Monday, 1st September .. .. | Half weather working day. |
| Monday, 22nd September .. .. | Half weather working day. |
| Tuesday, 23rd September .. .. | Non-weather working day. |
| Monday, 29th September .. .. | Half weather working day. |
| Tuesday, 30th September .. .. | Non-weather working day. |

# LIST OF ACTS AFFECTING COMMERCE AND INDUSTRY PASSED BY THE INDIAN LEGISLATURE DURING THE YEAR 1947.

## CENTRAL LEGISLATURE.

II. Prevention of Corruption.
IV. Coffee Market Expansion (Amendment).
V. Factories (Amendment).
VI. Indian Railways (Amendment).
VII. Foreign Exchange Regulation.
IX. Sugar (Temporary Excise Duty).
XI. Reserve Bank of India (Amendment).
XII. Railway (Transport of Goods).
XIV. Industrial Disputes.
XV. Armed Forces (Emergency Duties).
XVI. Trading with the Enemy.
XVII. Requisitioned Land (Continuance of Powers).
XVIII. Imports and Exports (Control).
XX. Indian Finance.
XXI. Business Profits Tax.
XXII. Income-tax and Excess Profits Tax (Amendment).
XXIII. Reserve Bank of India (2nd Amendment).
XXIV. Rubber (Production and Marketing).
XXV. Indian Tariff (Amendment).
XXVI. Control of Shipping.
XXVII. Motor Vehicles (Amendment).
XXVIII. Indian Coinage (Amendment).
XXIX. Capital Issues (Continuance of Control).
XXX. Taxation on Income (Investigation Commission).
XXXI. Antiquities (Export Control).
XXXII. Coal Mines Labour Welfare Fund.
XXXIII. Negotiable Instruments (Amendment).
XXXIV. Indian Boilers (Amendment).
XXXVI. Indian Medical Council (Amendment).
XXXVII. Indian Patents and Designs (Extension of Time) Amendment.
XXXVIII. Foreigners (Amendment).
XXXIX. Press (Special Powers).

XL. Foreign Exchange Regulation (Amendment).
XLI. Indian Merchant Shipping (Amendment).
XLII. Indian Finance (Supplementary).
XLIII. United Nations (Security Council).
XLIV. Income-tax and Business Profits Tax (Amendment).
XLV. Indian Trade Unions (Amendment).
XLVI. United Nations (Privileges and Immunities).
XLVII. Extra-Provincial Jurisdiction.
XLVIII. Indian Nursing Council.
LI. Indian Cotton Cess (Amendment).

BOMBAY PROVINCIAL LEGISLATURE.

I. Bombay District Municipal and Municipal Boroughs (Amendment).
II. Bombay District Municipal and Municipal Boroughs (2nd Amendment).
III. Bombay Home Guards.
IV. City of Bombay Municipal (Amendment).
V. City of Bombay Municipal Corporation (Extension of Term) (Amendment).
VI. Bombay Public Security Measures.
VII. Motor Vehicles (Bombay Amendment).
VIII. Bombay Finance (Amendment).
IX. Bombay Rent Restriction (Amendment).
XI. Bombay Industrial Relations.
XII. City of Bombay Municipal (Second Amendment).
XIII. Bombay Irrigation (Amendment).
XIV. Indian Registration (Bombay Amendment).
XV. Bombay Weights and Measures (Amendment).
XVI. Bombay Famine Relief Fund (Amendment).
XVII. Prisoners (Bombay Amendment).
XVIII. Bombay Village Police (Amendment).
XX. City of Bombay Municipal (Third Amendment).
XXI. City of Bombay Municipal (Fourth Amendment).
XXIII. Bombay Town Planning (Amendment).
XXIV. Court Fees (Bombay Amendment).
XXV. Bombay Sales Tax (Amendment).
XXVI. Opium (Bombay Amendment).

XXVII. Bombay (Emergency Powers) Whipping.
XXVIII. Bombay Agricultural Debtors Relief.
XXIX. Bombay Abkari (Amendment).
XXX. Bombay Molasses.
XXXI. Bombay Moneylenders.
XXXIII. City of Bombay Municipal (Electricity Supply and Transport).
XXXIV. Bombay Adjudication Proceedings (Transfer and Continuance).
XXXVI. Bombay Essential Supplies (Temporary) Powers and Essential Commodities and Cattle (Control) (Enhancement of Penalties).
XXXIX. City of Bombay Municipal (Post-War Reconstruction Fund) (Repeal and Re-enactment).
XL. Bombay Motor Vehicles Tax and the Bombay Local Boards (Amendment).
XLI. Bombay District Municipal, Local Boards, and Municipal Boroughs (Amendment).
XLIII. Bombay Agricultural Pests and Diseases.
XLIV. Board of Indian Systems of Medicine (Extension of Term).
XLV. Bombay Land Revenue Code (Amendment).
XLVI. Bombay Motor Vehicles Tax (Amendment).
XLVII. Waste Lands (Claims) (Bombay Repeal).
XLVIII. Bombay Civil Courts (Amendment).
XLIX. Bombay City Land Revenue (Amendment).
L. Local Authorities Loans (Bombay Amendment) (Repeal and Re-enactment).
LII. Greater Bombay Laws and Bombay High Court (Declaration of Limits) (Repeal and Re-enactment).
LIV. Dispositions of Property (Bombay) Validation.
LV. Bombay Ferries (Amendment).
LVI. Bombay Warehouses.
LVII. Bombay Rents, Hotel and Lodging House Rates Control.
LVIII. Bombay Rationing (Preparatory and Continuance) Measures.
LIX. Bombay District Police and the City of Bombay Police (Amendment).
LXII. Bombay Prevention of Fragmentation and Consolidation of Holdings.

LXIII. Bombay Cotton Control (Repeal and Re-enactment).
LXIV Bombay Forward Contracts Control.

GOVERNMENT OF INDIA ORDINANCES.

I. Argentine (Jute and Cereals) Agreement.
II. Indian Tariff (Amendment).
III. Press (Special Powers).
V. Capital Issues (Continuance of Control).
VI. Coal Production Fund (Repealing).
*VII. Indian Patents and Designs (Extension of Time) (Amendment).
VIII. Tea (Export Licences).
†X. Press (Special Powers) (No. 2).
XIII. Central Nursing Council.
XV. Extra-Provincial Jurisdiction.
XVI. Railways (Protection by Armed Forces).
XIX. Reserve Bank of India (Temporary Amendment).
XX. Banking Companies (East Punjab and Delhi).
XXV. Banking Companies (East Punjab and Delhi) Amendment.
‡XXVII. Indian Merchant Shipping (Restriction of Transfer of Registry).
XXVIII. Cotton Textiles Equalisation Fund.
XXIX. Banking Companies (East Punjab and Delhi) Second Amendment.
XXXI. Negotiable Instruments Acts and Indian Limitation Act (Temporary Amendment).

GOVERNMENT OF BOMBAY ORDINANCES.

I. Criminal Law (Bombay Amendment).
II. City of Bombay Municipal (Electric Supply and Transport).
III. Bombay Essential Supplies (Temporary Powers) and the Essential Commodities and Cattle (Control) (Enhancement of Penalties).
IV. Bombay Adjudication Proceedings (Transfer and Continuance).
V. Bombay Land Requisition.

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* Repealed by Act XXXVII of 1947. † Repealed by Act XXXIX of 1947.
‡ Repealed by Act XLI of 1947.

# THE BOMBAY CHAMBER OF COMMERCE.

(Incorporated under the Indian Companies Act, 1913.)

*Balance Sheet as at 31st December*, 1947.

| LIABILITIES. | | | ASSETS. | | | |
|---|---|---|---|---|---|---|
| Outstanding Bills— | | | Office and Statistical Department— | | | |
| Sundry Creditors | | 18,704 2 0 | Furniture, Fittings, Typewriters, etc. Estimated value as on 31st December 1928 less sales to 31st December 1935 | | 7,525 0 0 | |
| Advance Receipts | | 7,509 0 0 | Additions at Cost— | | | |
| Reserve for Passages— | | | In previous years | 9,593 4 0 | | |
| As per last Balance Sheet | 2,000 0 0 | | This year | 5,960 9 0 | | |
| *Add*—Reserved during the year | 2,000 0 0 | | | | 15,553 13 0 | |
| | 4,000 0 0 | | | | 23,078 13 0 | |
| *Less*—Payment during the year | 1,870 0 0 | | *Less*—Depreciation— | | | |
| | | 2,130 0 0 | In previous years | 15,290 9 0 | | |
| Reserve for Taxation— | | | This year | 756 4 0 | | |
| As per last Balance Sheet | 4,000 0 0 | | | | 16,046 13 0 | 7,032 0 0 |
| *Less*—Paid during the year | 1,748 6 0 | | Motor Car— | | | |
| | 2,251 10 0 | | At cost | | 8,868 12 0 | |
| *Add*—Provided during the year | 8,000 0 0 | | *Less*—Depreciation during the year | | 1,847 10 0 | 7,021 2 0 |
| | | 10,251 10 0 | Measurement Department Furniture— | | | |
| Reserve for Depreciation of Investments (as per last Balance Sheet) | | 10,406 4 0 | At cost | 587 8 0 | | |
| | | | Additions during the year | 978 7 0 | | |
| Accumulated Funds— | | | | | 1,565 15 0 | |
| As per last Balance Sheet | 3,99,553 12 0 | | *Less*—Depreciation— | | | |
| *Add*—Excess of Income over Expenditure (as per annexed Account) | 23,466 0 0 | | In previous years | 436 0 0 | | |
| | | 4,23,019 12 0 | This year | 92 6 0 | | |
| | | | | | 528 6 0 | 1,037 9 0 |
| | | | Measurement Department Chowkies— | | | |
| | | | At cost | | 3,888 1 0 | |
| | | | *Less*—Depreciation in previous years | | 3,887 1 0 | 1 0 0 |
| | | | Sundry Debtors (Since received Rs. 1,893-4-0) | | | 2,020 4 0 |

| | | | | | |
|---|---|---|---|---|---|
| (There is a contingent liability in respect of the unexpired term of the Vice-President's service agreement.) | | Investments— | | | |
| | | At cost .. .. ..

# THE BOMBAY CHAMBER OF COMMERCE.

(Incorporated under the Indian Companies Act, 1913.)

*Dr.* *Income and Expenditure Account for the year ended 31st December, 1947.* *Cr.*

| EXPENDITURE. | | | | INCOME. | | | |
|---|---|---|---|---|---|---|---|
| To— | | | | By— | | | |
| Subscriptions— | | | | Membership Subscriptions | | | 90,210 0 0 |
| Federation of Chambers of Commerce of the British Empire .. | 29 5 0 | | | Subscriptions to Statistical Returns, Fees for measurement, weighment and sampling, Arbitration fees and fees for Certificates of Origin, etc. .. .. .. | | | 2,66,511 4 0 |
| Associated Chambers of Commerce of India .. .. .. .. | 960 0 0 | | | | | | |
| Indian Standards Institution .. | 250 0 0 | | | | | | |
| Weather and Crop Reports .. | 24 0 0 | | | | | | |
| | | 1,263 5 0 | | | | | |
| Salaries and Dearness Allowances .. | | 2,26,670 12 0 | | Contribution from the Indian Engineering Association .. .. | | | 2,400 0 0 |
| Rent .. .. .. .. .. | | 7,850 0 0 | | | | | |
| Printing Charges .. .. .. | | 13,711 2 0 | | | | | |
| Cyclostyling Charges .. .. | | 17,497 2 0 | | | | | |
| Advertisements .. .. .. | | 128 6 0 | | | | | |
| Books and Periodicals .. .. | | 1,281 15 0 | | Interest on Investments.. | 10,918 12 0 | | |
| Stationery .. .. .. .. | | 4,298 7 0 | | | | | |
| General Charges .. .. .. | | 7,979 13 0 | | *Less*—Taxed at source.. | 3,411 4 0 | | |
| Telephones .. .. .. .. | | 1,503 0 0 | | | | | |
| Insurance .. .. .. .. | | 544 7 0 | | | 7,507 8 0 | | |
| Legal Charges .. .. .. | | 30 0 0 | | | | | |
| Labour and Hire of Scales .. .. | | 3,318 14 0 | | *Less*—Paid on purchase. | 83 5 0 | | |
| Contribution to Railways .. .. | | 3,430 6 0 | | | | | |
| Repairs to Chowkies .. .. | | 2,104 12 0 | | | 7,424 3 0 | | |
| Motor Car Upkeep .. .. .. | | 2,591 15 0 | | | | | |
| Auditors' Fees .. .. .. | | 250 0 0 | | *Add*—Interest on Advance Payments against Assessment (1947-48) .. | 13 2 0 | | |
| Depreciation .. .. .. | | 2,696 4 0 | | | | | 7,437 5 0 |
| Contribution to the Provident Fund. | | 13,938 2 0 | | | | | |
| Bonus to Staff .. .. .. | | 19,924 4 0 | | | | | |
| | | 3,31,012 14 0 | | Sundries .. .. .. | | | 407 5 0 |
| Travelling Expenses .. .. | 854 0 0 | | | | | | |
| Provision for Income-Tax (1948-49). | 8,000 0 0 | | | | | | |
| Provision for Passages .. .. | 2,000 0 0 | | | | | | |
| Sundries .. .. .. .. | 1,623 0 0 | | | | | | |
| | | 12,487 0 0 | | | | | |
| | | 3,43,499 14 0 | | | | | |
| Balance, being excess of Income over Expenditure, transferred to Accumulated Funds .. .. | | 23,466 0 0 | | | | | |
| | Rs. | 3,66,965 14 0 | | | Rs. | | 3,66,965 14 0 |

**REPORT OF THE AUDITORS TO THE MEMBERS.**

We have audited the foregoing Balance Sheet of the BOMBAY CHAMBER OF COMMERCE as at the 31st day of December 1947, and also the foregoing Income and Expenditure Account for the year ended upon that date, and report that—

(a) we have obtained all the information and explanations which we have required;

(b) in our opinion, the foregoing Balance Sheet and Income and Expenditure Account are drawn up in conformity with the law;

(c) such Balance Sheet exhibits a true and correct view of the state of the Chamber's affairs according to the best of our information and the explanations given to us and as shown by the books of the Chamber, and

(d) in our opinion, books of account have been kept by the Chamber as required by Section 130 of the Indian Companies Act, 1913.

SHARP & TANNAN,
*Chartered Accountants,*
*Registered Accountants,*
*Auditors.*

BOMBAY, *28th February*, 1948.

A. L. HUTSON,
*President.*

L. A. HALBALL,
*Vice-President.*

A. D. FINNEY,
*Member of Committee.*

# THE BOMBAY CHAMBER OF COMMERCE PROVIDENT FUND.

*Statement of Accounts from 1st January to 31st December, 1947.*

| | | | |
|---|---|---|---|
| **MEMBERS' ACCOUNTS** | | | |
| Balance brought forward | | | 2,98,897 3 0 |
| *Add*— | | | |
| Subscriptions received from members | 13,938 2 0 | | |
| Contributions paid by the Chamber | 13,938 2 0 | | |
| Interest received and accrued | 9,274 13 0 | | |
| | | 37,151 1 0 | |
| | | | 3,36,048 4 0 |
| *Deduct*— | | | |
| Paid to members (inclusive of interest) | 58,846 3 0 | | |
| Non-repayable withdrawals (Rule 28 (4)) | 2,252 4 0 | | |
| Transferred to Lapses and Forfeitures Account | 2,962 2 0 | | |
| | | 64,060 9 0 | |
| Balance at Credit of Members | | | 2,71,987 11 0 |
| **LAPSES AND FORFEITURES ACCOUNT** | | | |
| Balance brought forward | 20,248 3 0 | | |
| Forfeited during the year | 2,962 2 0 | | |
| | 23,210 5 0 | | |
| *Add*—Profit on Sale of Investments | 1,239 15 0 | | |
| | | 24,450 4 0 | |
| | | | 2,96,437 15 0 |

| Held thus— | Face Value. | Market value on 31st December 1947. | Cost Price. |
|---|---|---|---|
| 2½% Loan, 1948-52 Stock | 15,000 | 15,103 2 0 | 14,894 8 6 |
| 2½% Loan, 1960 Stock | 37,500 | 37,640 10 0 | 37,757 13 0 |
| 3% Loan, 1951-54 Stock | 72,500 | 74,493 12 0 | 72,168 12 0 |
| 3% Loan, 1953-55 Stock | 18,000 | 18,517 8 0 | 18,000 0 0 |
| 3% Victory Loan, 1957 Stock | 21,000 | 21,577 8 0 | 20,975 10 0 |
| 3% 2nd Victory Loan, 1959-61 Stock | 28,500 | 29,230 5 0 | 29,087 8 0 |
| 3% Loan, 1963-65 Stock | 38,000 | 38,760 0 0 | 37,317 9 6 |
| 4% Loan, 1960-70 Stock | 61,500 | 69,994 11 0 | 60,386 2 0 |
| | 2,92,000 | 3,05,317 8 0 | 2,90,587 15 0 |
| *Less*—Appreciation at this date | .... | 14,729 9 0 | |
| | | 2,90,587 15 0 | |

| | | |
|---|---|---|
| Interest accrued on investments and loans | 2,752 4 0 | |
| Due by members (since received Rs. 110/-) | 2,320 0 0 | |
| Due by Chamber | 18 8 0 | |
| Cash with the Imperial Bank of India, in current account | 759 4 0 | |
| | Rs. | 2,96,437 15 0 |

Examined and found correct

SHARP & TANNAN,
*Chartered Accountants,*
*Registered Accountants,*
*Auditors.*

A. L. HUTSON,
*President.*

L. A. HALBALL,
*Vice-President.*

A. D. FINNEY,
*Member of Committee.*

BOMBAY, *28th February*, 1948.

# Report

OF THE

# Bombay Chamber of Commerce

## FOR THE YEAR 1947

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CORRESPONDENCE, DOCUMENTS
AND STATISTICS

Printed by F. Borton for G. Claridge & Co., Ltd., at the Caxton Works, Frere Road, Fort, Bombay, and Published by L. A. Halsall for the Bombay Chamber of Commerce, Ballard Estate, Fort, Bombay.

# THE BUDGET, 1948-49.

## Finance Minister's Speech.

When I presented my Interim Budget to Free India's first Parliament a few months back, our nation had been shaken to its very foundations by the great Punjab tragedy. Thousands of our people had been brutally butchered, and millions of innocent men, women and children driven out of their ancestral homes and forced to make a dusty, deadly trek in search of a new home. Our crying concern then was to dress the wounds of uprooted humanity, and to mobilise all our financial resources to set aright an unhinged economy. Our new-found freedom, however, weathered the storm, and as the eve of my first annual Budget approached, I could see a silver lining around the cloud. Then, suddenly, like a thunderbolt that rends the sky and spins the globe, calamity struck us once more and orphaned our infant State and enveloped the country with a darkness even more complete. The hand that nailed Jesus to the Cross reached out of the evil recesses of history once again and slew the latest in the line of Prophets. Along with Bernard Shaw one wonders: "Must then a Christ perish in torment in every age to save those that have no imagination?" In Mahatma Gandhi the world has lost an uplifting standard, our nation its Founding Father, and each one of us his friend, philosopher and guide. Many ran up to him in times of stress, national or personal, and came back with renewed confidence. Our fledgling freedom felt warm and secure under the protective wing of Gandhiji. The way ill fortune has dogged our heels makes one doubt whether our people had made a tryst with disaster rather than with destiny. But that is a most unGandhian mood; for he remained cheerful and buoyant and hopeful even in the darkest hour. Indeed I rise to-day under a shadow, but I know it is the shadow of his Cross, and so I feel confident that our nation will be prepared to meet the great challenge of the situation. In the faith that looks through death we shall shape the destiny of our nation on the pattern which he cherished and lead it from the dark abyss of hatred and despair to the sunlit pastures of eternal life.

### Review of Economic Conditions.

2. The third year after war finds the world still in the meshes of those economic maladjustments which are the inevitable aftermath of total war—the nemesis that inexorably pursues the victor and the vanquished alike. Western Europe is still in a sad plight and intolerable economic conditions prevail in many of the devastated areas. The efforts at rehabilitation by the United Nations Organisation and the United States Government have so far borne little fruit. All hope is now centred round the Marshall Plan. But its gestation is unduly delayed, and it has

worsened the already strained relations between the Big Three. The United Kingdom is making a heroic effort to rehabilitate her war-torn economy and shattered trade. There has been serious economic dislocation in many Asian countries owing to violent internal struggles or fight for freedom from foreign domination. Thus, over a large part of the world, economic conditions are still worse than in war time; production has fallen, even below pre-war levels in some cases, and prices have been soaring to new heights. The world food situation is still a cause for serious anxiety; while the world's population has increased by about 200 millions since 1939, the total food production has fallen by 7 per cent. At the same time, there has been a tremendous increase in the money in circulation. The many high-powered international bodies lately set up for rectifying the world's currency and food troubles have so far made little headway. In the result, inflation is still holding the world in its firm grip and the standards of living of the great majority of the world's population remain at depressingly low levels. Especially in Asian countries, the economic situation has greatly deteriorated owing to violent internal struggles and the consequent dislocation of normal economic activity.

3. There has been no material change in the general economic conditions in our own country since I reviewed them last when presenting the budget for the current year last November. The dislocation caused by the mass migration of people between Western Pakistan and India still remains to be surmounted and only the fringe of the problem of rehabilitating the millions of people who have crossed over to India has so far been touched. While active steps are being taken to provide the necessary financial assistance to the refugees to enable them to start on useful careers in their new surroundings, the process of rehabilitation is necessarily bound to take some time. The budget for next year provides a substantial amount for relief and rehabilitation and the House may rest assured that everything possible will be done to place these refugees in useful occupations as early as possible. It is not merely a matter of humanitarian relief but one of economic investment, for the sooner these people, many of whom are skilled workers and agriculturists with experience, are placed in occupations in which their productive capacity would add to the wealth of the community the better for the country. In this task of rehabilitation the Government of India are working in close co-operation with the neighbouring States and Provinces and the plans for their relief and rehabilitation are being drawn up in co-ordination with them.

4. The food position still continues to cause anxiety and conditions have definitely become worse in large parts of the Madras Presidency following the failure of the monsoon. Steps

are being taken to make additional supplies available but the position is bound to be difficult until the new harvest comes on the market. It is not necessary for me to explain in detail the reasons which led to the policy of gradual decontrol of food which was approved by this House. The effects of this policy on the internal sources of supply still remain to be seen but if the expectation behind this policy that it would bring more supplies to the market and, to that extent, reduce our dependence on foreign imports is realised, it would be completely justified.

5. In my speech last November I mentioned the rising trend of prices as the most unwholesome feature in our economic situation. This, as I explained then, was the result of a number of factors some of which, like the accumulation of surplus purchasing power in the hands of the community, have been in operation for some time while the all round fall in production, both industrial and agricultural, was of more recent origin. I stressed then the need for increasing production in every possible way and I gave details of the steps taken to promote the increase of textile production as an example of what the Government are striving to do. But the House must realise that any substantial increase in production is impossible until the shortage of materials, the bottleneck in transport and other impediments are removed. If the increase in production requires the import of equipment from overseas, this again takes time to obtain and is also limited by considerations of foreign exchange on which the more urgent requirements of food have necessarily the first claim. These difficulties are inherent in the situation but it does not necessarily follow that Government are doing nothing in the matter. One serious hindrance in the way of production, even with the available resources, has been the frequent disputes between capital and labour, resulting in strikes and other interruptions of work. If the recent truce agreed upon between capital and labour for a period of three years in the recent Industries Conference can be implemented in letter and spirit, the way would be clear for a considerable increase in production.

6. A view that has in recent years become almost unanimous among economists and financiers is that each year a Government's financial policy should be so planned as to rectify the economic maladjustments of the time, and to serve as a compensatory device to offset fluctuations in the private sector of economy. In a time of inflation, budgets should not only be balanced but there should be a comfortable surplus for mopping up the excess purchasing power and to encourage economy in private spending. On the other hand, when a depression is on, Government should launch bold schemes of public expenditure and should boldly budget for a deficit if necessary.

7. An inflationary pressure resulting from too much money chasing too few goods has been the keynote of our present economy, and there is no indication that a reversal of this trend is in sight. At such a juncture, we should exert every nerve to budget for a surplus, if possible, by increasing revenue and curtailing expenditure. The methods by which these aims are achieved are important, because as the present phase of inflation is due to an abundance of spending power without the goods to spend on, we must see that a surplus is achieved in such a way as to curtail spending and create suitable incentives for increasing production. In other words, the tax-burdens laid must be met by cutting down expenditure on consumption and not by saving less. Similarly, the borrowing made must be from genuine savings and not from inflated bank credit. The practical application of these principles is indeed difficult, but we must bear them in mind in shaping our financial policy.

## Balance of Payments.

8. I should like to draw the attention of the House to a matter which has been causing some concern to Government, namely, the emergence, in recent times, of a substantial adverse balance in India's external payments. India's balance of trade has in the past always been substantially in her favour, the surplus of exports over imports being used by her to meet the interest and amortisation charges on her sterling debt, to pay the pensions and leave salaries of British officers and to make other invisible payments such as the remittance of the profits of foreign investments in India and banking, insurance and shipping charges. During the war years India's balance of trade became even more favourable than before, due not only to restrictions on her imports on account of war time conditions but to the large payments which accrued to her on account of supplies and services to the allied nations and the Defence Expenditure Plan. The result of India's earnings, both visible and invisible, being vastly in excess of her expenditure, was the rapid accumulation of our sterling balances. Part of these balances was used to purchase the Indian railways and to repatriate compulsorily almost the whole of the Indian sterling debt; part was used through Indian nationals acquiring British investments in India. All these measures served greatly to lessen the annual drain on India while the interest earned on the sterling balances added in some measure to our income. If, therefore, all the other factors in the situation had remained the same, India should have had now a substantially more favourable balance of payments than she had before the war.

9. Far from having a favourable balance, however, India had in the first post-war year, 1946-47, a substantial deficit in her balance of payments on current account. The tendency which

then manifested itself for the first time still continues and had it not been for the restrictive import policy which was introduced in June 1947 the deficits we have had would have been substantially greater. The reasons for this are two-fold. Firstly, it is the inevitable result of the absence of imports during the many years of war that the long pent up demand should seek to satisfy itself as soon as goods become available. This is true not only of consumer goods but also of producer goods and plant and equipment, the arrears of maintenance of which have to be made good as soon as possible if production is not to be interfered with. The second, and by far the more important, reason for this deficit is, as is well known, our imports of foodgrains. India has of course been a regular importer of food for many years but quantities and prices have both been recently going up. In 1944-45 and 1945-46 the value of foodgrains imported into India was Rs. 14 crores and Rs. 24 crores respectively. In 1946-47 the figure was Rs. 89 crores. These figures are in addition to the import of supplementary food articles which cost a further Rs. 15 crores in 1946-47. In 1947-48 the amount expected to be spent on the import of foodgrains is Rs. 110 crores.

10. The money required for the purchase of food is of course a first charge on our available foreign exchange resources. These consist of our export earnings and of our sterling balances but on the latter we have necessarily to draw in moderation. These resources are not sufficient to finance both the heavy drain caused by food imports as well as to pay for all the other imports we should like to purchase. As food must have the highest priority, we have necessarily to restrict the import of other commodities. It is undesirable that this should be so, particularly at a time when inflationary tendencies persist in the country. It is therefore imperative for us to take all the steps in our power, not only to increase the production of food in this country so as to reduce imports, but to increase production in every other field of economic activity so that it may be possible to increase our export income without reducing home consumption. I fear, however, that in spite of all the action that may be taken in this direction it will take a few years before it will be possible for India to bring her foreign payments into equilibrium and that, therefore, it will be necessary to continue with our present restrictions on imports.

11. It will be appreciated that, with India's limited resources of hard currencies, it would have been impossible to continue the policy of non-discrimination regarding the source from which Indian imports came, which was a feature of Indian import policy during the last half year. Hon'ble Members will remember that I indicated to them in my last Budget Speech that the dollar shortage would cause us to reimpose discrimination

and I fear that we have had, in framing the import policy for the present half year, to make the most drastic cuts in imports from the hard currency areas. It is unfortunate that this has to be so, for we are being compelled either to do without a large number of useful articles which are obtainable only in the hard currency area or to pay for them a higher price in the soft currencies. As long, however, as the world dollar shortage caused by the disequilibrium in world trade continues, I fear we have no alternative but to proceed on the basis which has been in force ever since the war broke out and to which we have now had to revert. I am, however, glad to be able to report to the House that we have been able slightly to decrease the rigour of the import control from the sterling and other soft currency areas which we had imposed during the last half year. It was neither desirable nor indeed possible to continue import control from all over the world with that degree of restriction which we had introduced, for not only would it have led, if continued for any length of time, to an increase in the inflationary potential but would also have interfered with production.

12. One other recent trend in our external financial position is deserving of special mention. Till 1945-46 not only did we have an overall favourable balance of payments but we were in substantial surplus with the U.S.A. Since 1946-47 that situation has also changed, both because goods have become much more freely available in that country and because we have to purchase there a substantial portion of our food requirements. In 1946-47 our deficit with the U.S.A. was Rs. 15 crores. In the subsequent months it increased substantially being Rs. 13½ crores and Rs. 22 crores respectively for the second and third quarters of 1947. Preliminary figures for the two months October and November disclose a deficit of Rs. 14 crores. With the other hard currency countries the position is no better and during the period April to November 1947 our deficit with them has been Rs. 5½ crores. Our total net earnings of hard currencies during the period September 1939 to November 1947 were about Rs. 37 crores.

13. The most important lesson to be drawn from a study of our external financial position is that so long as food imports continue on the present scale, we would be confronted with the problem of an adverse balance of payments and the disequilibrium in our economy will persist. Such a state of affairs will be a source of anxiety and even danger. The only way to redress the balance is to increase the internal production of food. While an expansion of our export trade will go a long way to mitigate the seriousness of the problem, it will be impossible to bridge the gap by exports alone. It will be observed that, though I have indicated the trends in our external financial position, I

have not given any figures for our overall deficits in the balance of payments. This is for the simple reason that such figures have so far not existed, though steps have now been taken to see that they are collected in future. I would, nevertheless, like to give the House some idea of our position as it is likely to be during the first half of 1948 and propose to mention certain figures on the clear understanding that these are to be taken more as an indication of the magnitude of the figures involved than of the actual figures as they are likely to be. Forecasts of balance of payments are notoriously liable to be inaccurate because of the uncertainties of the factors involved; but in preparing the forecast for the first six months of 1948 we have suffered from the additional handicap that it is impossible to say what effect the partition of the country will have on its external trade and that there are no past actuals to guide us. The figures I shall mention relate to the balance of payments on current account of the Dominion of India with the rest of the world excluding Pakistan. For our balance of payments with Pakistan, I fear it is not possible to make even the roughest of estimates. In the half year January to June 1948 we hope to earn through exports and other sources Rs. 208 crores. We expect to spend during the same period Rs. 260 crores. We therefore, anticipate an overall deficit of Rs. 52 crores. Out of our total expenditure during the half year, no less than Rs. 61 crores will be spent on the purchase of food.

14. Hon'ble Members will appreciate more fully in the light of what I have stated above the significance of the second interim agreement on the sterling balances which has been concluded between the Government of India and the Government of the United Kingdom by an exchange of letters. In brief, the effect of the exchange of letters is that the financial agreement dated 14th August 1947, which expired on the 31st December 1947, has been extended upto 30th June 1948 with some modifications. The first agreement was on behalf of both India and Pakistan but the present extension is on behalf of the Dominion of India alone. Hon'ble Members will remember that in December last, when an agreement was reached between Pakistan and ourselves on all outstanding financial issues including the division of the sterling balances, it was agreed that from the 1st of January 1948 the exchange accounts of the two countries should be kept separately. As a consequence of this separation, it was also agreed that negotiations for a further interim settlement between the United Kingdom and the two Dominions should be carried on separately by each. Hence Pakistan was not a party to our recent negotiations.

15. The object that we kept in view in our recent discussions with representatives of the United Kingdom Government was

to make available to us sufficient foreign exchange resources to meet our estimated overall deficit in the balance of payments during the first half of 1948. As I have indicated earlier, we estimate our overall deficit for this period at £39 million or Rs. 52 crores. It has now been agreed that a further £18 million (or Rs. 24 crores) will be transferred from Account No. 2 to Account No. 1, the existing balance in which will, of course, be carried forward at our disposal except for a certain amount to be transferred to Pakistan under the Indo-Pakistan Agreement of December last. This fresh transfer, together with the balances that we have at our disposal under various accounts and some borrowing from the International Monetary Fund, will enable us to meet our anticipated deficit. As our Account No. 1 would now stand, I have no anxiety on account of the external financial position of the country so far as currencies other than the hard currencies are concerned.

16. One important feature of the new agreement is the limit on convertibility. Under the original agreement the whole of our sterling in Account No. 1, whether it arose by transfer from Account No. 2 or through the proceeds of current earnings, was fully convertible for current transactions into any currency including that of the U.S.A. In other words, the whole of the sterling that we held in Account No. 1 was multilaterally convertible. Under the present agreement, however, we have been put to the necessity of limiting our right to multilateral convertibility to the extent of only £10 million or Rs. 13.33 crores. This restriction will necessitate our borrowing to some extent from the International Monetary Fund. I am, however, satisfied that the extent of our borrowing from the Fund during the current half-year will be well within the limits of our rights of borrowing from that Fund. Hon'ble Members are entitled to know why we agreed to limit the right to full multilateral convertibility which is possessed by every member of the sterling area. The answer is that, like all international agreements, this agreement was a compromise, and in the light of the circumstances that faced us I consider it in the best interests of the country to accept this condition. I am not unmindful of the great difficulties under which the United Kingdom is labouring to-day, nor am I unappreciative of the valiant efforts being made by that great country to restore equilibrium in her economy and to discharge her international obligations. I am fully aware that the gold and dollar resources of the sterling area are small, are rapidly being exhausted and require to be husbanded with the greatest care. It is for this reason that we agreed last September, soon after our first interim agreement was concluded and when the United Kingdom was forced to suspend the convertibility clause in the Anglo-American Loan Agreement, to co-operate by restricting dollar expenditure as far as possible. For the half year

in question our expenditure in hard currency has been severely limited to essentials. Nevertheless, I cannot help feeling that it should have been possible to avoid introducing this very undesirable and harmful principle of a limit on the convertibility of sterling for members of the sterling area who are pledged to holding sterling without limit of amount. We have honoured that pledge perhaps even beyond the bounds of prudence. Even from the point of view of the necessity for safeguarding the central reserves of the sterling area, I cannot feel happy about the low limit of convertibility forced upon us. After all, our proposed drawings on the central reserves were the merest fraction of what the United Kingdom herself proposed to draw therefrom. Undesirable as this feature of the agreement is, we accept it in the hope that it would be possible to remove this condition at the earliest possible moment. We have decided in fact to make a long term settlement with the United Kingdom on this vexed question as soon as possible. I feel that it is unsatisfactory that there should be negotiations every six months on this subject for the element of uncertainty as to the results of these periodical negotiations makes it impossible for any long term co-ordinated trade policies to be formulated. I have, therefore, conveyed to the Leader of the British Delegation my desire that steps should be taken for initiating talks for a long term agreement.

### Financial Settlement with Pakistan.

17. When I gave a brief account to the House in my last Budget Speech of the details of the partition and its financial and economic results, I mentioned that a number of important points connected with the partition still remained unsettled and were likely to be referred to arbitration. As the House is aware, these outstanding questions have been the subject of further consultation between the two Governments and all of them have been settled so that so far as the two dominions are concerned, it became unnecessary to resort to arbitration on any issue. Now that a final settlement has been arrived at, although the details would necessarily take some time to work out, I propose to give the House a short account of these decisions.

18. The position of the undivided Government as on the date of partition was that its outstanding liabilities exceeded its assets so that ultimately it is the debt that is being divided between the two Governments. On a rough estimate the outstanding debt of the Central Government as on the 14th August 1947, including in this not merely the outstanding public debt but all its obligations to outside parties such as deposits in Postal Savings Banks, outstanding balances of Post Office Cash and National Savings Certificates, Provident Fund Deposits of

Government servants, the amounts likely to be paid to the British Government for surplus stores and other property acquired by the Defence Services and the capitalised value of the liability for pensions in payment on the date of partition and pensions earned by serving officers upto that date, is likely to be of the order of Rs. 3,300 crores. The Government of India's assets on that date are represented by the capital spent on the great Commercial Departments like the Railways and the Posts and Telegraphs, the Security Printing Press, the Irrigation works in the Centrally Administered areas, the Port of Vizagapatam and New Delhi; the buildings, stores and equipment of the Defence Services and the various branches of the Civil Administration; the cash balance with the Reserve Bank and investments such as the Silver Redemption Reserve and the subscriptions to the International Monetary Fund and the International Bank; and the miscellaneous debts due to it such as the outstanding loans made to Provincial Governments and local bodies and institutions. The total value of these assets is of the order of Rs. 2,800 crores leaving a net excess of liabilities over assets of about Rs. 500 crores. As I said earlier, it will be some time before the final figures are available and the machinery for obtaining them as early as possible is being set in motion. The arrangement with Pakistan is that for all assets located in her territory such as the Railways and the Posts and Telegraphs system operating in Pakistan, the stores and other movable equipment allocated to her, the administrative buildings and installations taken over by her in her territory she takes a debt equal to the book value of these assets. An exception has been made in the case of strategic railways the book value of which, for purposes of the settlement, will be written down from a little over Rs. 32 crores to Rs. 14.45 crores. In addition, Pakistan will take over a debt equal to the amount of the cash balance of Rs. 75 crores allocated to her out of the cash balances of the undivided Government and 17½ per cent. of the net excess of the Central Government's liabilities over assets which, as I mentioned earlier, is likely to be of the order of Rs. 500 crores. The total of Pakistan's debt as calculated above will be reduced by the liability she takes over direct in regard to Postal Savings Banks, Postal Cash and National Savings Certificates outstanding in her area, the pensions of the undivided Government paid in Pakistan and the liability for pensions earned by officers who have opted for service in that Dominion. For purposes of the financial settlement the outstanding debt of the Central Government will be valued after taking into account the interest payments, discounts, the date of redemption and so on. Similarly the actuarial value of the pensionary liability will have to be calculated. The closing of the accounts for the pre-partition period, without which the outstanding assets and liabilities cannot be determined, will also

take some time to complete. It is not therefore possible to give anything more than a very rough indication of the amounts involved in the settlement or the share of Pakistan in the outstanding debt. Pakistan's share will take the form of an inter-state debt to India. On a very rough estimate this debt is likely to be of the order of Rs. 300 crores, and the rate of interest may be near about 3 per cent. Pakistan's total debt is to be repaid in Indian rupees in fifty annual equated instalments for principal and interest. As a measure of assistance to the new Dominion in its earlier years it has been agreed that the first repayment should commence only in 1952. In addition to the Rs. 75 crores given to her out of the cash balance of the undivided Government it has also been agreed that India would make available to Pakistan a further sum of Rs. 6 crores for meeting the expenditure on the setting up of Ordnance factories and similar special institutions required by her. This amount will also be added to Pakistan's debt. With this settlement, the terms of which, as the Deputy Prime Minister has already told the House, are generous and conceived in a real spirit of assistance to Pakistan, the purely financial problems arising out of the partition may be said to have been satisfactorily solved.

19. The allocation of the sterling reserves that the Reserve Bank will hold when it ceases to be the currency authority and banker to the Pakistan Government on the 30th September next also raised difficult issues and I am glad to say that a satisfactory solution has been reached here also. It has been agreed that out of the sterling assets in the Issue Department, Pakistan would receive a share in the proportion of the notes in circulation in Pakistan. In addition she would also be entitled to 17½ per cent. of the excess of the sterling held by the Reserve Bank on the 30th September 1948 in both the Banking and Issue Departments after allowing for the payments to be made to the British Government for surplus military stores and fixed assets and the capitalised value of pensions paid in sterling and for the retention of a reserve in the Issue Department which, together with the gold, would be equal to 70 per cent. of the liabilities. This additional sterling will be released to Pakistan by India, as and when required, till the 31st December 1967, against payment in Indian rupees.

## FINANCIAL YEAR, 1947-48.

### *Revenue.*

20. I shall now proceed to give a brief review of the financial position in the current and the ensuing years.

In my interim Budget I estimated the deficit for the current year covering 7½ months at Rs. 24.59 crores. The House will be glad to know that I now estimate the deficit at only Rs. 6.52 crores. The improvement is due to some increase in the anticipated revenue and a decrease in expenditure.

21. The revenue receipts during the period 15th August 1947 to 31st March 1948 are now estimated at Rs. 178.77 crores against Rs. 172.8 crores in the Budget passed by this House last November. The improvement of nearly Rs. 6 crores is mainly due to an increase of Rs. 2.35 crores under Customs and a windfall of Rs. 3 crores from the levy on old stocks of cloth released for sale at increased prices following the recent decontrol of textiles. The estimates also include Rs. 2.25 crores on account of Government's share in the increased prices of sugar, stocks of which were frozen by Government when sugar was decontrolled last December, and Rs. 2 crores on account of the receipts of the Cotton Textiles Equalisation Fund. The revenue under Central Excise Duties is now estimated to show a reduction of Rs. 1.36 crores compared with the budget, mainly under Sugar and Tobacco. The total revenue from Taxes on Income including Corporation Tax is now estimated at Rs. 115 crores, a reduction of Rs. 3 crores in the original estimate. The divisible pool of income-tax is now estimated at Rs. 65.49 crores of which the Provincial share would amount to Rs. 29.74 crores. The credit of Rs. 2.25 crores on account of the increase in sugar prices mentioned above will however be set off by a corresponding provision in the expenditure estimates as the intention is to fund these receipts for the benefit of the industry and the sugar producing Provinces. Similarly the receipts of the Cotton Textiles Equalisation Fund will be transferred to it by provision in the expenditure estimates.

*Expenditure.*

22. The total expenditure this year is now estimated at Rs. 185.29 crores showing a reduction of Rs. 12.1 crores in the original estimate. The expenditure on Defence Services is expected to show a saving of Rs. 6.11 crores, Civil estimates accounting for the balance of Rs. 5.99 crores.

23. The current year's budget for Defence Services included a substantial provision for new schemes and for the acquisition of land but owing to changes in the plans on strategic and other considerations and the pre-occupation of the Defence authorities with matters such as the operations in Kashmir to repel the invaders from that State, it is expected that a saving of Rs. 5.75 crores is likely to be effected this year. The budget also included a provision of Rs. 1.68 crores for payment to an Equalisation Fund for the replacement of certain vessels of the Royal Indian Navy and aircraft of the Royal Indian Air Force. On further consideration it has been decided that this contribution should wait until conditions become more stable and the provision on this account will accordingly lapse.

24. The saving of Rs. 5.99 crores in Civil expenditure is mainly due to a reduction in the provision for expenditure on

the relief and rehabilitation of refugees. The House will remember that a lump sum of Rs. 22 crores was provided for this purpose in the budget. At that time when the large scale movements of population were still taking place it was impossible to frame a close estimate of the expenditure likely to be involved. On the indications then available, I consider it advisable to provide a substantial figure. The position has since been reviewed and although it is still difficult, in view of the constant changes in the position and the fluid nature of the relief plans, to make a close estimate it is now expected that the expenditure this year may not amount to more than Rs. 14.89 crores. A saving of Rs. 2.36 crores is also expected in the provision of Rs. 22.52 crores for subsidies on imported foodgrains. Interest charges are also expected to show a saving of Rs. 1.29 crores. These savings are partly set off by the provision of Rs. 2.25 crores for funding the special receipts following the decontrol of sugar and the provision of Rs. 2 crores for the transfer to the Cotton Textiles Equalisation Fund of the receipts realised for it, both of which I have mentioned earlier.

## Financial Year, 1948-49.

25. I now turn to the estimates for 1948-49. At the existing level of taxation, I place the total revenue for the year at Rs. 230.52 crores and the expenditure charged to revenue at Rs. 257.37 crores leaving a deficit of Rs. 26.85 crores. Before I deal with the detailed estimates, I must warn the House that the revised estimate for the current year does not provide a basis for comparison when considering the estimate for next year, because the estimate for the current year covers only 7½ months while the provision in the budget for next year covers a full year.

### *Revenue.*

26. The total receipts from customs have been placed at Rs. 81.75 crores. This provides for a full year's revenue from the enhanced duty on exports of cotton cloth and yarn imposed in the current year's budget. The effect on our revenue of the restriction on imports so as to conserve foreign exchange has been taken into account as also the restriction on the exports of raw cotton. Central excises are expected to bring in Rs. 34 crores and receipts from income-tax, which include Rs. 12 crores on account of Excess Profits Tax and Rs. 17 crores on account of the Business Profits Tax, have been placed at Rs. 130 crores. The divisible pool of income tax is estimated at Rs. 80.24 crores of which the Centre will retain Rs. 42.37 crores leaving Rs. 37.87 crores as the Provincial share. The profits from Currency and Mint, after allowing for the share of Pakistan under the arrangement for the management of the currency of both the Dominions

by the Reserve Bank upto the 30th September 1948, are estimated at Rs. 9.4 crores.

The revenue of the Posts and Telegraphs Department is expected to amount to Rs. 26.2 crores and working expenses and interest to Rs. 25.82 crores leaving a small surplus of Rs. 38 lakhs. In the current year, the surplus will be shared between general revenues and the Department in the ratio of three to one while next year only half the surplus will accrue outright to general revenues. The Department will get a rebate of interest on its share of the accumulated profits in the past which at the end of the budget year are expected to amount to about Rs. 8 crores.

In my estimate of receipts for 1948-49 no credit has been taken for any contribution from the railway surplus. The position with reference to this matter was explained by the Hon'ble Minister for Transport in his Budget Speech the other day.

*Expenditure.*

27. The total expenditure for next year is estimated at Rs. 257.37 crores of which Defence Services will account for Rs. 121.08 crores and Civil expenditure for Rs. 136.29 crores. Following the customary procedure, I shall first deal with the Defence estimates.

28. *Defence Services.*—The reconstitution of the Armed Forces of the undivided Government of India into separate forces for the two dominions is now virtually complete. It was envisaged at an earlier stage that the reorganisation of the Armed Forces would be largely completed in the financial year, 1948-49. With the alteration in the role of the Armed Forces as a result of the partition a redistribution of the available financial resources between the three services to allow for a more balanced development was contemplated. Unfortunately, however, the recrudescence of communal disturbances and the necessity in present circumstances of having to retain substantial forces till normal conditions return have made it impossible to undertake the long term planning of the Armed Forces so as to keep the expenditure on them at a level appropriate to the financial resources of the country.

29. As the House is already aware, the process of demobilisation of the Armed Forces was arrested by the partition of the country in order to facilitate the division of the forces between the two dominions and to enable them independently to determine the size and composition of their respective Armed Forces. In the altered strategic situation following the partition and also in view of the recent disturbances in the country, it has not been possible to resume demobilisation in the Armed Forces of the

Indian Dominion. The future strength and composition of these forces still remain to be decided and it may be some time before a decision is taken. Meanwhile, the Army is expected to be maintained at its present level.

30. Certain decisions for the expansion of the Naval and Air Forces have been taken and a delegation was sent to the United Kingdom last November to discuss with the British Government the question of acquiring certain Naval vessels and aircraft and the provision of training and other facilities for officers and men of the Indian Forces. These discussions were successfully completed and arrangements have been made for the acquisition of certain assets and for the training of Indian personnel. Honourable Members are aware of the decision by Government to strengthen the Navy with new types of ships, notably a cruiser and three destroyers. A party of officers and men of the Royal Indian Navy has already been despatched to the United Kingdom to undergo the necessary specialised training in order to ensure that these ships are manned as far as possible by Indian nationals. The Royal Indian Air Force is also being expanded.

31. The budget estimate for Defence Services for 1948-49 is, as I have mentioned, Rs. 121.08 crores. This is exclusive of expenditure of a capital nature amounting to Rs. 14.99 crores to be incurred on the acquisition of land, the construction of training institutions, the provision of accommodation for personnel, the acquisition of new naval vessels, aircraft and connected equipment for the expansion of the Navy and the Air Forces which I have mentioned earlier. Provision for this expenditure has been included in the Capital Budget. As the House is aware, this practice of providing for capital expenditure outside the revenue account was introduced during the last War, and was discontinued only in 1947-48. I trust the House will agree with me that in the present abnormal conditions the decision to charge to capital the expenditure on the acquisition of permanent assets is unobjectionable.

32. The partition of the country placed heavy responsibilities on the Armed Forces of this Dominion when they were in the process of reconstitution both in the matter of maintenance of law and order and in assisting the Civil authorities in the evacuation and relief of the minorities in the Punjab. A Military Evacuation Organisation was set up during September 1947 with its headquarters at Amritsar and an advance headquarter at Lahore and this organisation succeeded in evacuating over 4 million non-Muslims from Western Pakistan and about 5 million Muslims from India within a period of 3 months. This stupendous task had to be performed under the most trying

conditions and the troops which took part in it have responded most magnificiently to the call. While the energy and resources of the army were mobilised for this humanitarian work further calls were made on them for the defence of Kashmir. The fighting in Kashmir is being carried on in difficult terrain and severe climatic conditions. I am sure the House will join me in paying a tribute to the Army and the Royal Indian Air Force for the magnificent way in which they have responded to the call made on them.

33. *Civil Estimates.*—Details of the estimates under individual heads are, as usual, given in the Explanatory Memorandum circulated with the Budget papers and I do not propose to weary the House by repeating them here. I should like however to refer briefly to the provision included in these estimates for certain special items like the expenditure on refugees and the subsidy for food. The expenditure on the relief and rehabilitation of refugees next year is estimated at Rs. 10.04 crores. The expenditure next year will be largely on relief and rehabilitation as the evacuation of refugees has now been nearly completed, except from Sind and to some extent from the N.W.F.P. This estimate is necessarily tentative because in the rapidly changing conditions, it has not been possible to frame a close estimate. In addition to direct relief and grants for rehabilitation a comprehensive scheme for granting advances to the refugees to enable them to settle down in various walks of life has also been drawn up. A Rehabilitation Finance Administration to which Government will advance Rs. 10 crores is also being set up. I hope that the facilities provided by the Industrial Finance Corporation will also be available for the assistance of industries which have had to be transferred to India on account of the communal disturbances. In addition to the provision of Rs. 10.04 crores in the revenue budget a sum of Rs. 10 crores has been included in the capital budget for the Rehabilitation Finance Administration and Rs. 5 crores for loans and advances for rehabilitation, including loans to Provinces for this purpose. The expenditure on food subsidies, including the bonus to Provinces on the internal procurement of grain under the new food policy announced recently, is estimated at Rs. 19.91 crores next year. The estimates also include a total provision of Rs. 10¾ crores under various heads for expenditure upon development schemes and resettlement.

34. The House would doubtless wish to know if in framing the budget for next year any allowance has been made for the implementation of the recommendations of the Economy Committee the appointment of which under the Chairmanship of Shri Kasturbhai Lalbhai was announced by me. The House will realise that it is obviously impossible to forecast the directions

in which the Committee may suggest economies and the total amount that could be expected to be saved. I have however made a lump cut of Rs. 2½ crores under the various heads of civil expenditure in order to ensure that some economy is effected pending the report of the Committee. If the Committee's report suggests economies on a larger scale I propose to take steps during the course of the year to see that they are realised. I wish to make it clear however that this lump cut is mainly in the nature of a token and should not be taken as giving any indication of the size of the economy which I consider could be effected. This must necessarily depend on the considered judgment of the Committee after they have examined the various departmental authorities and I do not wish in any way to anticipate their findings.

35. Of the total expenditure of Rs. 136.29 crores provided in the budget for next year Rs. 29.95 crores are accounted for by the expenditure on refugees and the payment of subsidies and bonus for foodgrains, leaving Rs. 106.34 crores for normal expenditure. This includes Rs. 8.98 crores for tax collection, Rs. 43.86 crores for obligatory expenditure on payment of interest and pensions and provision for debt redemption, Rs. 3.15 crores for Planning and Resettlement, Rs. 2.2 crores for expenditure on the Mints and the Nasik Press, Rs. 2.95 crores for grants-in-aid to Provincial Governments and Rs. 20.93 crores for expenditure in the nation-building sphere such as Education, Medical, Public Health, Broadcasting, Aviation and the conduct of scientific surveys and institutions in which the Central Government supplement the work of the Provincial Governments and provide valuable technical assistance and research. The balance of Rs. 24.27 crores represents the provision for ordinary administration, Civil Works, etc.. and this constitutes only 18 per cent. of the total civil expenditure. In addition to Rs. 20.93 crores in the nation-building sphere mentioned above, provision has been made in the capital budget for a grant of Rs. 30 crores to Provincial Governments for development and Rs. 34 crores for loans.

36. On the basis of the estimates of revenue and expenditure that I have so far explained, the anticipated deficit in the Budget for 1948-49 is Rs. 26.85 crores. In a later part of my speech I shall revert to the question of how I propose to deal with this deficit.

*Post-war Planning and Development.*

37. When I addressed this House last November I mentioned that the question of re-examining the development schemes of the Provincial Governments with reference to the reduced resources likely to be available to the Centre for financing development and the changes resulting from the partition will be taken

up. I have since had this further examined and it has been decided that so far as the Centre is concerned there should be no reduction in the extent of assistance promised by it to the Provinces when the Provinces were asked to draw up their plans for development. The House will remember that the Provinces were informed in 1945 that they could draw up their plans of Post-war development on the assumption that in the five years beginning with 1947-48 they could expect assistance by way of grants of the order of Rs. 250 crores. This amount was provisionally distributed among the Provinces in the ratio of their population. But some special weightage was given to the backward provinces of Assam, the N.-W.F.P. and Orissa and to Bengal, which with Assam, had been affected by the impact of war in the north-east frontier. With this weightage the Centre's promised contribution in five years rose to Rs. 273.88 crores. The Provinces were given advance grants to cover the expenditure incurred by them on development schemes in 1945-46 and 1946-47 to be taken against their share of the grant for the five year period. The progress of expenditure on the development schemes has been somewhat slower than anticipated mainly due to the shortage of material and man-power and the time taken to formulate detailed schemes. In the current year a provision of Rs. 20.39 crores was included in the budget for the period 15th August 1947 to 31st March 1948 but it is unlikely that the whole of it will be spent. After allowing for the expenditure incurred up to the partition and for the areas now in Pakistan and reallocating the balance to the Provinces in the Indian Dominion the outstanding balance of the assistance from Centre to the Provinces at the end of the current year, on approximately the same scale as was promised by the then Government of India in 1945, is estimated roughly at between Rs. 170 and Rs. 180 crores. I have carefully considered whether in the altered circumstances the Centre should reduce its assistance to the Provinces but I have come to the conclusion that in the larger interests of the development of the country as a whole it would be unwise to do so, particularly as the Provinces have framed their plans on the assumption that the promised assistance would be forthcoming. In reaching this decision I have been influenced by the fact that in actual practice the grants are likely to be spread over a somewhat longer period than the four years that remain out of the original five year period fixed for this assistance. This, to some extent, will relieve the strain on the resources of the Centre. But it is being made clear to the Provinces that in future the grants from the Centre upto the maximum agreed to will be contingent on the Provinces spending from their own resources at least an equal amount and that the whole scheme of assistance would be subject to readjustment if in the new constitution there is any substantial transfer of resources from the Centre

to the units. I trust that with this assurance the Provinces will now be in a position to go ahead with their schemes of development and that they will conserve and exploit all the available resources for this purpose. The budget for the next year includes a provision of Rs. 30 crores for grants to Provinces for development and Rs. 34 crores for loans to them.

38. For Central schemes of development including resettlement a provision of Rs. 10¾ crores has been made in the revenue budget and Rs. 25½ crores in the capital budget. Details of the provision are given in the Explanatory Memorandum circulated with the Budget papers and I do not propose to dilate at length on the individual schemes for which provision has been included in the budget. But they cover a very wide field and among the important schemes I would mention the expansion of the Forest Research Institute, Dehra Dun, the development of the valuable forests in the Andamans, the preliminary work on the Kosi, Sone Valley, Ghandak and Assam Valley projects, all of which form part of the large scale schemes of river development, the reorganisation of the Central Waterways Navigation and Irrigation Research Stations, the setting up of a Tractor Testing Station, the establishment of a Central Agricultural College, the expansion of the Indian Agricultural Research Institute, the loan of Rs. 2 crores to the Damodar Valley Corporation and the investment of Rs. 1 crore in the Industrial Finance Corporation. In addition to provision for expenditure on the individual schemes just mentioned the budget also provides for an expenditure of over Rs. 2 crores for buildings for development schemes, Rs. 6¼ crores for the construction and improvement of National Highways, Rs. 6½ crores for the Fertiliser Factory under construction at Sindri, Rs. 4 crores for the expansion of civil aviation and Rs. 70 lakhs for the expansion of broadcasting facilities.

*Capital Expenditure.*

39. Before I pass on to deal with the ways and means position I shall give the House a brief account of the provision included in the budget for normal capital expenditure. The revised estimate for this year includes a provision of Rs. 26½ crores of which the Railways account for Rs. 16¾ crores, Posts and Telegraphs for Rs. 2½ crores and schemes of State Trading for Rs. 4¾ crores. For next year the provision amounts to Rs. 76 crores of which Rs. 24½ crores are for Railways, Rs. 3¼ crores for Posts and Telegraphs, Rs. 15 crores for Defence, to cover expenditure on the purchase of naval vessels, aircraft and spares for the expansion of the Navy and Air Forces, the acquisition of land and the construction of accommodation for Defence Services personnel, Rs. 3¼ crores on the provision of additional accommodation in New Delhi, Rs. 2¾ crores for administrative buildings and communications costing over a lakh of rupees,

the cost of which is now met from capital, and Rs. 27 crores for the building-up of the central reserve of 6 lakhs tons of food-grains in accordance with the recently announced food policy of Government. The total provision in the Capital Budget for normal requirements and for financing the development schemes both of the Centre and the Provinces comes to the impressive figure of Rs. 70 crores this year and Rs. 165½ crores next year.

*Ways and Means.*

40. I now turn to a brief consideration of the ways and means position. During this year owing to the uncertain political conditions in the earlier months, the partition of the country and the widespread communal disturbances in certain parts of the country it was not possible to borrow from the market the substantial amount which it was originally planned. Next year in addition to the interest-free prize bonds, with an outstanding of a little over Rs. 5 crores, which mature in January 1949, Government have the option of repaying the outstanding balance of the 2¾ per cent. Loan 1948-52 and the 4 per cent. Loan 1948-53. A decision on the exercise of this option will be taken in the course of the year with reference to the conditions then prevailing. The market borrowings next year have been taken at Rs. 150 crores but if circumstances are propitious the scale of borrowing will be stepped up. I would in this connection reiterate the appeal I made on the floor of this House last November for the utmost co-operation from the public in the borrowing operations of the Government. Apart from the need which still remains for withdrawing surplus purchasing power from the hands of the community as a measure of anti-inflation, the requirement of funds for financing the large scale plans of development which the Government have in view and for assistance to the Provinces for implementing their schemes is as great as ever and unless the public co-operate wholeheartedly with the Government by lending their savings it will be impossible to undertake all the schemes of development necessary for raising the standard of life of our people.

41. I shall now pass on to the consideration of the all-important problem of how to deal with the deficit of Rs. 26.85 crores.

42. I just mentioned a deficit of Rs. 26.85 crores. This is exclusive of any contribution from the railway surplus. As Hon'ble Members are aware, it has now been decided that out of the railway surplus a contribution of Rs. 4.5 crores should be made to general revenues during the next year. The estimated deficit is therefore reduced to Rs. 22.35 crores.

*Reliefs in Taxation.*

43. The House will remember that in my Budget Speech last November I referred to the widespread criticism that the level of taxation in the 1947-48 Budget had seriously affected the incentive for saving and investment and I undertook to make a careful examination of the consequences of our taxation policy before I presented the annual Budget. Since then I have given very anxious thought to the question and I have reached the conclusion that there is a considerable measure of justification in that criticism. As I have emphasised elsewhere, the paramount need in present conditions is to stimulate production and any fiscal or administrative measure which restricts or curtails the expansion of industry will stunt our development and add to our future difficulties. While industry should be called upon to pay its just contribution to the common exchequer, the burden placed upon it must be such as to allow business to expand. At the same time the aim of our policy should be to secure that, while the level of taxation is reasonably high so that the wealthier sections of the community are placed under an equitable contribution for the common needs of the State, a genuine margin is left for savings which would flow back into investment and thereby add to the productive wealth of the community, which the State itself could subsequently tap. It is also necessary so to adjust our taxation as to provide a real incentive to the ploughing back of profits into fresh business. In making my proposals in the field of direct taxation, I have kept these considerations prominently in mind.

44. I shall pass on to deal first with the various measures of relief which I propose to give.

My first proposal is with reference to the Business Profits Tax. This measure gave room for a good deal of controversy when it was introduced for the first time in the budget for 1947-48. The sudden withdrawal of the Excess Profits Tax gave this tax a considerable measure of justification. During the discussions on the floor of the House the then Finance Member stated that this tax would be in operation for one year, leaving it to his successor to decide whether it should be continued or not. In view of the criticisms levelled against this measure, both inside this House and outside, I have given a good deal of thought to this matter. I have come to the conclusion that, in the present circumstances, there is no justification for the complete withdrawal of this tax. Hon'ble Members might know that in the United Kingdom a tax of this kind was introduced some time back as a National Defence Contribution. The tax is retained though its nomenclature has been subsequently changed to Profits Tax. The need for additional funds for reconstruction and especially for the rehabilitation of refugees would justify the

continuance of this measure in India for some time. I have, therefore, decided to retain this source of revenue but to reduce the burden of this tax considerably. The abatement allowed at present is Rs. 1 lakh or 6 per cent. of the capital employed, whichever is larger. The rate of the tax is 16⅔ per cent. I propose that the abatement should be Rs. 2 lakhs or 6 per cent. of the capital employed, whichever is larger, and that the rate of the tax should be reduced to 10 per cent. I hope this reduction will be welcomed by the business community. The net result of this proposal will be a gross loss of Rs. 2 crores. Rs. 1 crore of this loss will, however, be recovered by the increase in income-tax receipts and the net result will therefore be a loss of Rs. 1 crore.

My second proposal is to reduce the existing rate of super-tax. The House will remember that last year the limit of income at which the maximum rate of 10½ annas is attracted was reduced in the case of earned income from Rs. 5 lakhs to Rs. 1½ lakhs and in the case of unearned income from Rs. 3½ lakhs to Rs. 1,20,000. The effect of this was to take away from any person with an income of over Rs. 1,20,000 nearly the whole of the income beyond this amount. This hardly left any incentive to save and I have no doubt myself that such severe taxation at this level would seriously hamper the growth of savings and retard our industrial development. I have accordingly raised the limit at which the maximum rate of tax will be attracted to Rs. 3½ lakhs for both earned and unearned income. I trust the House will agree with me that this measure of relief is justified. I have also rearranged the rate of the tax within the slabs and the rates as they now stand seem to me to fulfil the double purpose of keeping the level of taxation sufficiently high while leaving at the same time a margin for saving. The changes in super-tax are estimated to cost Rs. 1 crore.

In the budget for 1946-47 a complicated system of levying super-tax at steeply graded rates on dividends above a datum line was introduced and last year these rates were further stiffened. The object of this was to deter the distribution of large dividends and secure the ploughing back of profits into business. In actual practice very little revenue was collected from this source and the purpose with which it was introduced does not appear to have been realised. I feel that something more positive is required to induce industrialists to return more of their profits into investment than taxing those who distribute large dividends. My proposal to secure this end is to reduce the tax on the undistributed profits of companies by one anna. The effect of my proposal will be that on distributed profits the present rate of 5 annas will remain, while the tax on undistributed profits will be at the rate of 4 annas. I trust that this concession will produce better results than the present complicated system. The cost of this concession is estimated at Rs. 2 crores.

My next proposal is to reduce the income-tax on companies with an income of Rs. 25,000 and below to half the usual rates. Among the dangers to be avoided in the rapid industrialisation of this country is the one of concentrating too many businesses in the hands of large companies, and I feel that every encouragement should be given to the growth of smaller companies. This will broadbase our economy and will also be in line with our general pattern of industrial development with its constant emphasis on the development of cottage industries and a fair distribution of industry over the various Provinces. My contribution towards such a development is to allow this concession in favour of small companies with moderate incomes. The loss of revenue from this is estimated at Rs. 12 lakhs.

There is a widespread feeling that with the heavy taxation to which incomes are now subject there is very little scope left for assistance by the public to deserving institutions and charities. I have received a number of representations on this subject and after careful consideration of the matter I feel that a measure of relief on contributions made to recognised institutions and charities would be justified. In this country there is a far too general a tendency for charitable and other institutions to look to the State for assistance and not to the public. To the extent to which there is a larger flow of private benefaction to such institutions, the burden on the State for supporting them will be reduced. I accordingly propose that donations to approved institutions and charities should be exempted from taxation so long as they do not exceed 5 per cent. of the net taxable income in the case of companies and 10 per cent. in the case of individuals, subject to a maximum of Rs. 2½ lakhs in both cases. I trust the House will welcome this concession and I hope it will encourage our industrialists and the public to subscribe more generously to deserving institutions and purposes. It is my intention to have a list of approved institutions and bodies drawn up in consultation with the Provincial Governments. It is difficult to estimate the loss of revenue involved in this concession and I have taken a rough figure of Rs. 75 lakhs.

I also propose to give a further measure of relief, in regard to the payment of municipal taxes on house property. I have felt that the absence of such an exemption is an anomaly in our tax system and that there is a justifiable claim for relief here. I accordingly propose to exempt these payments from taxation. The cost of this concession is estimated at Rs. 75 lakhs.

45. Before I pass on to deal with reliefs in indirect taxation, I should like to mention briefly a point in which it seems necessary to readjust our Corporation Tax. Hon'ble Members are aware that under the law as it stands we are entitled to recover super-tax on dividends paid by companies incorporated outside this

country to their shareholders abroad in respect of their Indian business. For this purpose it is necessary to ascertain from the companies particulars about their shareholders abroad and the dividends distributed to them. This information is rarely available in full with the result that very little of the tax due is collected. It is necessary that some effective arrangement should be made to protect our revenue against this leakage and I think that this can best be done by raising the general rate of Corporation Tax and giving an appropriate rebate on their income to those companies which declare and pay their dividends in India. I accordingly propose that the rate of Corporation Tax be raised from 2 annas to 3 annas and a rebate of one anna allowed to the companies which declare and distribute their dividends in India. The effect of this proposal will be that companies in India will pay the present rate of Corporation Tax at 2 annas while foreign companies having business in India will have to pay a Corporation Tax of 3 annas on their profits earned in this country. This change is expected to bring an additional revenue of Rs. 2 crores.

46. I may now summarise the net effect of the relief in income-tax and the proposed change in the Corporation Tax. The various concessions I have just detailed will result in a loss in revenue of Rs. 6.62 crores, of which the Provincial share will amount to Rs. 2.41 crores. This will, however, be partly set off by the additional revenue of Rs. 2 crores from the change in the Corporation Tax and Rs. 1 crore from the ordinary collection of tax resulting from the reduction in the Business Profits Tax, of which the Provincial share will amount to Rs. 45 lakhs. The net effect of my proposals on the Centre is a reduction of Rs. 1.66 crores.

47. I shall now turn to the reliefs in the field of indirect taxation.

During the debate on the interim Budget there was some criticism about the increase in the export duty on cloth and I promised to consider the suggestion that the duty should be converted into an *ad valorem* duty. I have received a number of representations that the present specific duty is pressing too heavily on handloom cloth and on certain categories of mill-made cloth. The duty of 6 annas a pound on cotton yarn has also proved burdensome and on a careful review of the matter in all its aspects I have decided to convert the export duty into an *ad valorem* duty of 25 per cent., to exempt handloom cloth from the duty and to withdraw the duty on exports of cotton yarn. These concessions will involve a loss of revenue of Rs. 4.5 crores.

I also propose to withdraw the present excise duty on betelnuts. The administration of this excise has always been difficult and it has been a prolific source of complaint from the

areca-growing Provinces. I trust the House would welcome this concession which I hope will mean a cheapening of this article to the poor man. The loss of revenue involved is Rs. 30 lakhs.

48. The net effect of all the reliefs mentioned so far and the changes in income-tax is a reduction in revenue of Rs. 6.46 crores, raising the prospective deficit to Rs. 28.81 crores.

*New and Additional Taxes.*

49. In an earlier part of this speech I expressed the view that in the present inflationary conditions it is necessary to reduce, as far as possible, the gap between revenue and expenditure and if it is at all possible to have a surplus budget. I am sure the House will agree with me that the prospective deficit is too large to be left uncovered and that in a transitional time like this we should take every step possible to strengthen our revenue position. In raising additional taxation it is, in my view, necessary to secure that as little of the burden as possible falls on the poor man.

50. Before I deal with my proposals for raising additional revenue I shall briefly digress to mention a change in accounting which will reduce the prospective deficit by Rs. 10 crores. Advance payments of income-tax under Section 18-A of the Income Tax Act are not credited as revenue but held in deposit till the complicated process of assessing the tax completed. These advance payments of tax are not really refundable deposits and there is no reason why they should not be credited to revenue straightaway. I propose to introduce this change with effect from next year. But the change will be made in stages so that the budgetary position is not violently disturbed. The advance payments will be credited to a separate minor head within the major head and transferred to the final heads on completion of the assessments. The change in procedure will be given effect to next year in respect of advance payments of Corporation Tax and will be extended to advance payments of income-tax in subsequent years. I need hardly mention that this change in procedure will not in any way affect the provincial share of income-tax. The result of this change will be to divert to revenue next year Rs. 10 crores which would have otherwise been credited as a deposit. This will reduce the deficit to Rs. 18.81 crores.

51. I shall now address myself to the problem of covering this deficit by new taxes. The House will appreciate that with the existing shortage in the foreign exchange resources of the country and the need to conserve them as far as possible to meet our heavy commitments in respect of our food purchases, it is not possible to expect any substantial relief from the expansion

of customs revenue from import duties, although the country could absorb all the imports likely to flow in if the restrictions on imports are relaxed. For a considerable time we shall have to rely on Central Excises and, to some extent, on the yield of export duties. In framing my taxation proposals I have turned as much as possible to the field of export duties, which do not involve any additional burden on our people, and to such of the excises as do not affect the poorer classes.

My first proposal is to levy an export duty of Rs. 80 per ton on oilseeds and Rs. 200 per ton on vegetable oils. There is a wide disparity between the internal prices of these commodities and their export prices and I am satisfied that the imposition of this duty will not affect our export market. The yield from this duty is estimated at Rs. 2.5 crores.

My next proposal is to levy an export duty of Rs. 20 per ton on Manganese to yield Rs. 80 lakhs.

I propose to make only two minor changes in the import duties. The duty on motor cars will be raised from 45 per cent. to 50 per cent., with a preference of 7½ per cent. in favour of the United Kingdom. The yield from this increase is estimated at Rs. 50 lakhs. The import duty on cigars, cigarettes and manufactured tobacco will also be slightly raised following the changes in the excise duty, to which I shall presently refer. The increase in revenue from this change is estimated at Rs. 12 lakhs.

In the field of Central Excises my main proposals concern Tobacco. It is only in recent years that the Tobacco excise has been developed and the system of taxation could, in my opinion, be rationalised so as to increase the revenue from this source. But this will take some time. Meanwhile, I propose to levy an excise duty on cigarettes amounting to roughly 25 per cent. on the *ex*-factory prices. I estimated the yield from this change at Rs. 7 crores. Simultaneously the duty on certain categories of unmanufactured tobacco will be raised from 9 annas per lb. to 12 annas per lb. in some cases and 3 annas per lb. to 4 annas per lb. in others in order to secure that there is no diversion from the consumption of cigarettes of the cheaper varieties. This increase is estimated to yield Rs. 2 crores.

The excise duty on Tea will be raised from 2 annas per lb. to 4 annas per lb. to bring it to the same level as the export duty. The additional revenue from this increase is estimated at Rs. 1.8 crores.

The duty on Coffee will be similarly raised to 4 annas per lb. to yield Rs. 30 lakhs.

The duty on Vegetable Product will be raised by 50 per cent. to Rs. 7-8-0 per cwt. to yield Rs. 40 lakhs.

The duty on Tyres will also be raised by 50 per cent. The additional revenue is estimated at Rs. 40 lakhs.

The House will remember that in the budget for 1946-47 the excise duty on Matches was reduced from Rs. 2-8-0 per gross to Rs. 1-12-0 per gross for boxes containing between 40 and 50 matches. In actual practice this reduction has not been passed on to the consumer and I propose that this should be withdrawn and the minimum duty fixed at Rs. 2-8-0 per gross on all boxes containing up to 50 matches. The additional revenue from this will amount to Rs. 150 lakhs.

I also propose to make two minor changes in the Postal and Telephone rates. The registration fee will be raised from 3 to 4 annas while the surcharge on trunk telephone calls will be raised from 40 to 60 per cent. and amalgamated with the basic rate. These changes, which will be introduced by executive orders, will bring in an additional revenue of Rs. 40 lakhs.

*Net Result of Proposals.*

52. I may now summarise the net effect of all the proposals that I have made. The reliefs and the changes that I have proposed in income-tax, super-tax and Corporation Tax will result in a loss of Rs. 1.66 crores. The abolition of the export duty on handloom cloth and yarn and the reduction of the export duty on mill-made cloth will mean a loss of Rs. 4.5 crores. The abolition of the excise duty on betelnuts will cost Rs. 30 lakhs. The total loss to revenue on account of relief and readjustments of these taxes will be Rs. 6.46 crores. On the basis of this loss the original deficit of Rs. 22.35 crores will be increased to Rs. 28.81 crores. This deficit will again be reduced to Rs. 18.81 crores by taking the advance payments of Corporation Tax next year direct to revenue. With regard to the additional taxes, the proposed export duties will bring in Rs. 3.3 crores. The increase in the import duties will bring in Rs. 62 lakhs. The increase in excises will bring in Rs. 13.4 crores. The changes made in the Postal and Telephone charges will bring in Rs. 40 lakhs. The total net revenue resulting from these new taxes and the enhancement of certain existing taxes will thus bring in an additional revenue of Rs. 17.72 crores. The final deficit for the year will therefore stand at Rs. 1.09 crores. In the present circumstances, I feel fully justified in leaving this small deficit uncovered. In considering this deficit the House must remember that the estimates do not include any credit on account of the interest due from Pakistan on its partition debt which, but for the moratorium, would be available to the credit of our revenues. Though it is not possible to know accurately at present the amount of the interest due from Pakistan, it may be assumed on a very rough calculation that it would be of the order of Rs. 9

crores. If this amount, which is legitimately due to us and the payment of which is only postponed, was available to me in the next year, the deficit would really be converted into a substantial surplus.

*Direct and Indirect Taxes.*

53. Much has been said in the past on the floor of this House and elsewhere regarding the maintenance of a proper balance between direct and indirect taxes in our tax structure. The House will appreciate that this is not a matter which could be regulated by any set principles and that, in the ultimate analysis, it is merely a question of arranging the taxation to the best advantage of the community and with reference to the economic conditions of each country. Thus, while in an industrially advanced country it may be possible to raise a substantial revenue by direct taxation it will obviously be unwise to pitch the direct taxes too high in a country in the process of development as the inevitable effect of high direct taxation is to retard the formation of capital without which industrial development is not possible. Similarly, when the main consideration is to curtail consumption, as during a period of shortage of goods and inflation, it may be necessary to raise the level of indirect taxation to secure a reduction in consumption. There is also a common fallacy that the larger the amount of indirect taxation the heavier the burden on the ordinary man. While it is of course true that over a considerable field consumption taxes reach a wider section of the population than direct taxation, consumption taxes on such luxuries as motor cars, the costlier varieties of tobacco and cigarettes, duties on wines and spirits, export duties which do not affect the internal consumer, all of which go to swell the total of indirect taxation do not touch the life of the ordinary man. In this connection I am sure the House will be interested to know the pattern of our tax structure. In 1937-38 out of a total revenue of Rs. 75.8 crores direct taxation accounted for only 21 per cent. while the bulk of the revenue came from indirect taxation. This proportion has naturally varied during the war years when there was a steep rise in direct taxation due to the large increase in income-tax and the levy of the Excess Profits Tax. In the budget for next year which I am now presenting to this House the proportion of direct to indirect taxation will be about equal. It would be interesting to compare our position in this respect with the United Kingdom. In a highly industrialised country like the United Kingdom, the scope for raising large revenues from direct taxation is greater. The United Kingdom budget for 1947-48 discloses that in that country the percentage of direct taxes to the total tax revenue is only 52. This compares very favourably with our tax structure in which, with a comparatively poor industrial economy, we collect about

51 per cent. of our taxes from direct taxes. Another interesting feature of our economy is that, as compared with 1937-38, the direct taxes would have increased eight and half times in 1948-49 while the indirect taxes would have increased only by a little over twice. Considering the relatively undeveloped state of our country, I do not think that any one could say that the burden of direct taxation in this country is unduly light or that there has been any shifting of the burden on the shoulders of the ordinary man.

*Future Prospects.*

54. On the estimates as they finally emerge, the total revenue next year will stand at Rs. 256.28 crores and the expenditure at Rs. 257.37 crores leaving an uncovered deficit of Rs. 1.09 crores. I must, however, warn the House that this cannot by any means be regarded as the normal figure of revenue and expenditure for the subsequent years. The estimated income-tax receipts for 1948-49 include collections relating to the Excess Profits Tax which will practically disappear in the subsequent years. The Business Profits Tax in subsequent years will also be less and other factors being equal, the net proceeds of income-tax accruing to the Central Government for 1949-50 will be approximately Rs. 20 crores less than the corresponding receipts for 1948-49. The total revenue for 1949-50 will therefore be at least Rs. 20 crores less than in 1948-49. As against this, it should be borne in mind that certain items of expenditure appearing in the budget for 1948-49 may reasonably be expected to show a considerable decrease. The expenditure provided for next year under relief and rehabilitation and food subsidies amounts to Rs. 29.95 crores. It may reasonably be anticipated that the expenditure under these two items will go down considerably during the subsequent years. If normal political conditions are restored, a reduction in the defence expenditure may also be anticipated. Taking all the factors into consideration, it is not unreasonable to hope for a balanced budget in the future. The House will realise that in the transitional phase through which we are passing, it is difficult to make any precise estimate of our financial position for the next two or three years. On any reasonable view of the situation. I feel it is the path of prudence to strengthen our revenue position and keep down our expenditure as much as possible. As a precautionary measure, in tapping new sources of revenue I have decided to re-introduce in the current session the Estate Duty Bill. Even though the proceeds of this duty will go to the benefit of the Provinces, any augmentation of the revenues of the Provinces would, to some extent, reduce the strain on Central finances. Apart from this, it is possible under the proposed measure to levy surcharges for purely Central purposes.

55. Although I have not been able to present a balanced or a surplus budget, much as I wish to, the size of the deficit next year which I propose to leave uncovered is very small in relation to the total expenditure. It may be considered an index of the efforts that we are making to close the era of war-time deficits and bridge the gap between revenue and expenditure. In my interim Budget I ventured to express the view that the financial position of the country was intrinsically sound and that we were not living beyond our means or heading towards bankruptcy. The Budget that I am now presenting fully supports this view. While it will be folly to ignore the difficulties ahead, I feel that we can face the future in a spirit of sober confidence.

*Public Debt.*

56. The debt position of a country is a sure index of its financial strength and here again I think our position is inherently sound. At the end of the current year the total outstanding public debt is expected to stand at Rs. 1,795 crores and to rise by a further Rs. 56 crores during next year to Rs. 1,851 crores. The total of the interest bearing obligations is estimated at Rs. 2,182 crores at the end of this year and Rs. 2,231 crores at the end of the budget year. Against these obligations, we expect to have at the end of this year roughly Rs. 1,161 crores and at the end of next year Rs. 1,237 crores by way of interest yielding assets representing the investments in the two great commercial departments of Government, namely, the Railways and Posts and Telegraphs, outstanding amounts due to us from the Provincial Governments, Indian States, Burma and others, and the probable debt of Pakistan to us. In addition, we shall be holding cash and other investments on treasury account amounting to Rs. 246 crores at the end of this year and Rs. 130 crores at the end of next year. The total interest bearing obligations not covered by interest bearing assets and our cash and interest yielding investments would thus amount to no more than Rs. 775 crores at the end of the current year and Rs. 864 at the end of the next year. The House will realise that these figures are to some extent approximate and it is not possible to give precise figures until Pakistan's share of the obligations which she would assume direct and her debt to India have been finally worked out. Allowances has however been made for this on the best guess that could be made and I think the House may accept these figures as giving a broad indication of the position.

57. The debt burden is to be judged primarily by the size of the deadweight debt. The amount of deadweight debt which I estimate at Rs. 864 crores is indeed very small when compared with the resources of the country and the national income. The debt position may be compared with the national income for assessing whether the debt is one which the country can afford to carry. For this purpose, we may take the whole of the interest

bearing obligations of the Government of India which are expected to stand at Rs. 2,231 crores at the end of next year. Unfortunately, we have no accurate data regarding the national income of our country. Various estimates have been made from time to time, but none of them has been made on a really accurate and scientific basis and I do not think we shall be far wrong if we assume that our national income is of the order of 4,500 crores of rupees. Our public debt is less than half of our national income. It is interesting to compare our position with that of more advanced countries like the United Kingdom and the United States. The national debt in the United States is more than 1½ times its national income and the national debt of the United Kingdom is nearly three times its national income. The burden of the debt may also be assessed in another manner by studying the interest charges in relation to the annual revenue. For the year 1948-49 our gross payment of interest charges will amount to Rs. 61.82 crores. From our Commercial Departments like Railways, Posts and Telegraphs, etc., and by way of interest receipts from Provincial Governments and other sources we get Rs. 25.66 crores. The net interest payment therefore is Rs. 36.16 crores. From this must again be deducted the interest due to us from Pakistan which I have estimated at approximately 9 crores of rupees. Our net interest burden is therefore about Rs. 27 crores. The anticipated revenue is Rs. 256.28 crores. Our net interest payment therefore represents only about 10½ per cent. of our revenue. The inference that may legitimately be drawn from these figures is that we could carry even a larger volume of debt and that there is still a large source available here for financing the development of the country. The savings of the community could be mobilised on a very much larger scale for financing productive schemes of development. I appealed earlier in my speech for public co-operation in the borrowing programme of Government. The picture of our financial position which I have unfolded before this House will, I hope, have a reassuring effect on the public and instil a spirit of confidence all round.

*Conclusion.*

58. Mr. Speaker, I have completed my survey of the economic condition of our country, my estimate of our income and expenditure and my proposals for the coming year. I must apologise to the House for the length of my statement. In the first annual Budget, I thought it my duty to give the House a fairly full picture of our financial position. In my interim Budget I struck a note of subdued optimism and ventured to express my opinion that our financial position was intrinsically sound. A more detailed examination over a longer period has confirmed that opinion. In spite of all the trials to which our infant State has been subjected, we have the solid foundations on which we can confidently build the superstructure of our economic and

social edifice. The pattern of that structure is entirely in our hands to draw. While fighting the uphill battle of freedom we dreamt the dream of an India free from want and insecurity, a land in which our people would have in abundance the material and moral contents of a good life. But then our hands were tied and so we merely made plans which would improve our agriculture and industrialise our country, and thus provide a higher standard of living to our masses. From August 15th, 1947, the chains of our bondage have been broken and we are free to translate our dreams into reality. The plans are there, but we find that our freedom was born in an era so fluid and fast changing that any pre-determined step other than the next became obsolete before it could be taken. We feel like the pilgrim who drags his weary limbs finally to the mountain top, only to find higher peaks stretching before his eyes. It is by no means the journey's end and the night falls and engulfs him in darkness. And like him we are inspired to pray in the spirit of the favourite hymn of Mahatma Gandhi—Lead Kindly Light. The next step is enough for us if it is illuminated by the star of our ambition and fortified by the faith in our destiny.

SUMMARY OF ESTIMATES.

*Revenue.* (In lakhs of Rs.)

| | Revised 1947-48 | Budget 1948-49 |
|---|---|---|
| Customs | 54,50 | 81,75<br>—58* |
| Central Excise Duties | 20,72 | 34,00<br>13,10* |
| Corporation Tax | 40,43 | 39,50<br>10,30* |
| Taxes on Income | 74,57 | 90,50<br>—3,92* |
| Salt | 90 | .. |
| Opium | 68 | 1,40 |
| Interest | 46 | 1,17 |
| Civil Administration | 7,28 | 5,12 |
| Currency and Mint | 1,25 | 9,40 |
| Civil Works | 47 | 81 |
| Other sources of revenue | 5,11 | 4,36 |
| Contribution from Posts and Telegraphs | 2,14 | 38<br>40* |
| Contribution from Railways | .. | 4,50 |
| *Deduct*—Share of income-tax revenue payable to Provinces | 29,74 | —37,87<br>1,96* |
| Total Revenue | 1,78,77 | 2,56,28 |

*Budget proposals.

| *Expenditure.* | (In lakhs of Rs.) Revised 1947-48 | Budget 1948-49 |
|---|---|---|
| Direct demands on revenue .. .. | 5,45 | 8,98 |
| Irrigation .. .. .. .. | 8 | 13 |
| Debt Services .. .. .. .. | 19,24 | 41,16 |
| Civil Administration .. .. .. | 23,75 | 34,56 |
| Currency and Mint .. .. .. | 1,14 | 2,20 |
| Civil Works .. .. .. .. | 6,28 | 7,21 |
| Pensions.. .. .. .. .. | 1,57 | 2,70 |
| Miscellaneous— | | |
| Expenditure on refugees .. .. | 14,89 | 10,04 |
| Subsidy on foodgrains .. .. | 20,16 | 19,91 |
| Other expenditure .. .. .. | 2,36 | 3,28 |
| Grants to Provinces .. .. .. | 1,85 | 2,96 |
| Extraordinary items .. .. .. | 1,89 | 3,16 |
| Defence Services (net) .. .. | 86,63 | 1,21,08 |
| Total Expenditure .. | 185,29 | 257,37 |
| Net Deficit .. | 6,52 | 1,09 |

## THE INDIAN FINANCE ACT, 1948.

### ACT No. XX OF 1948.

**An Act to give effect to the financial proposals of the Central Government for the year beginning on the first day of April, 1948.**

Whereas it is expedient to discontinue the duty on salt manufactured in, or imported into, the Provinces of India, to fix maximum rates of postage under the Indian Post Office Act, 1898, to alter certain duties of customs and excise, to levy certain additional duties of customs and excise, to fix rates of, and make certain provisions relating to, income-tax and super-tax, and to continue, subject to certain modifications, for a period of one year the tax imposed by the Business Profits Tax Act, 1947;

It is hereby enacted as follows:—

1. *Short title and extent.*—(1) This Act may be called the Indian Finance Act, 1948.

(2) It extends to all the Provinces of India.

2. *Discontinuance of salt duty.*—For the year beginning on the 1st day of April, 1948, no duty shall be levied on salt manufactured in, or imported by sea or by land into, the Provinces of India.

3. *Inland postage rates.*—For the year beginning on the 1st day of April, 1948, the Schedule contained in the First Schedule to the Indian Finance Act, 1945, shall again be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

4. *Alteration of certain duties of customs.*—In the First Schedule to the Indian Tariff Act, 1934,—

(*a*) in Item No. 24, for the entry in the fourth column, the entry " Rs. 13 per lb." shall be substituted ;

(*b*) in Item No. 24 (1), in the entry in the fourth column, for the letters and figures " Rs. 7-8," the letters and figures " Rs. 12-8 " shall be substituted ;

(*c*) in Item No. 24 (2), in the entry in the fourth column, for the words, letters and figures " Rs. 18-12 per thousand or Rs. 7-8 per lb." the words, letters and figures " Rs. 31-4 per thousand or Rs. 12-8 per lb." shall be substituted ; and

(*d*) in Item No. 75 (1), for the figures " 37½ " in the fourth column, the figures " 50 " shall be substituted, and for the figures " 30 " in the fifth column, the figures " 42½ " shall be substituted.

5. *Additional duties of customs.*—Where any goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934, or under the said Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall, up to the 31st day of March, 1949, be levied and collected as an addition to, and in the same manner as, the total amount so chargeable—

(*a*) a sum equal to one-half of such amount, in the case of goods comprised in Items Nos. 22 (3) and 22 (4) and sub-items (*a*), (*c*) and (*d*) of Item No. 22 (5) of the said Schedule, and

(*b*) a sum equal to one-fifth of such amount, in any other case :

Provided that such additional duty of customs shall not be levied and collected on the goods specified in the First Schedule to this Act.

6. *Imposition and alteration of certain export duties.*—In the Second Schedule to the Indian Tariff Act, 1934, Items Nos. 6 and 7 shall be omitted, and in lieu thereof, the following Items shall be inserted, namely :—

| | | |
|---|---|---|
| " 6. | Cloth of any description manufactured either wholly from cotton, or partly from cotton and partly from any other substance and containing not less than ten per cent. of cotton by weight, but excluding cloth of handloom manufacture. | 25 per cent. *ad valorem.* |
| 7. | Manganese ore .. .. .. .. .. | 25 per cent. *ad valorem.* |
| 8. | Oil seeds .. .. .. .. .. .. | Rs. 80 per ton. |
| 9. | Vegetable oils .. .. .. .. .. | Rs. 160 per ton." |

7. *Imposition and alteration of certain duties of excise.*— (1) In the First Schedule to the Central Excises and Salt Act, 1944,—

(*a*) in each of the sub-items (1) and (2) of Item No. 2,—

(*i*) clause (*i*) shall be omitted,

(*ii*) clauses (*ii*), (*iii*) and (*iv*) shall be renumbered as clauses (*i*), (*ii*) and (*iii*), respectively, and

(*iii*) in clause (*i*) as so renumbered, the words " more than forty, but " shall be omitted ;

(*b*) in Item No. 9,—

(*i*) for the entry in the third column against sub-item I (2) (*b*), the entry " Twelve annas " shall be substituted ;

(*ii*) in the entries in the third column against sub-item I (3), for the words " Nine annas," at both places where they occur, the words " Twelve annas " shall be substituted, and for the words " Three annas," at all the three places where they occur, the words " Four annas " shall be substituted ; and

(*iii*) in sub-item II, before the word " Cigars," the brackets and figure " (1) " shall be inserted, and to that sub-item, the following shall be added, namely :—

" (2) Cigarettes of which the value—

| | *Per thousand* |
|---|---|
| (*i*) exceeds Rs. 50 a thousand .. .. .. | Twelve rupees and eight annas. |
| (*ii*) exceeds Rs. 40 a thousand but does not exceed Rs. 50 a thousand .. .. .. | Ten rupees. |
| (*iii*) exceeds Rs. 30 a thousand but does not exceed Rs. 40 a thousand. | Seven rupees and eight annas. |
| (*iv*) exceeds Rs. 25 a thousand but does not exceed Rs. 30 a thousand. | Six rupees and four annas. |
| (*v*) exceeds Rs. 20 a thousand but does not exceed Rs. 25 a thousand. | Five rupees. |
| (*vi*) exceeds Rs. 15 a thousand but does not exceed Rs. 20 a thousand. | Three rupees and twelve annas. |
| (*vii*) exceeds Rs. 10 a thousand but does not exceed Rs. 15 a thousand. | Two rupees and eight annas. |
| (*viii*) does not exceed Rs. 10 a thousand .. .. | One rupee and four annas" ; |

(*c*) in Item No. 10, for the words " Ten per cent." the words " Fifteen per cent." shall be substituted ;

(*d*) in Item No. 11, for the words " Five rupees " the words " Seven rupees " shall be substituted ;

(*e*) Item No. 12 shall be omitted ;

(*f*) in Item No. 13, for the words "Two annas" the words "Three annas" shall be substituted; and

(*g*) in Item No. 14, for the words "Two annas" the words "Three annas" shall be substituted.

(2) In Part A of the Second Schedule to the Central Excises and Salt Act, 1944, the figure and word "2. Betel-nuts" shall be omitted, and for the figure "3," the figure "2" shall be substituted.

8. *Amendment of Act XI of* 1922.—The following amendments shall be made in the Indian Income-tax Act, 1922:—

(1) In section 2, after clause (7), the following clause shall be inserted, namely:—

"(7A) 'Indian company' means a company as defined in the Indian Companies Act, 1913, the registered office of which is situate in British India."

(2) In *Explanation* 3 to sub-section (1) of section 4, after the words "dividend paid," the words "by an Indian company" shall be inserted.

(3) In clause (*xii*) of sub-section (3) of section 4, for the figures "1948" the figures "1950" shall be substituted.

(4) In sub-clause (*a*) of clause (*vi*) of sub-section (2) of section 10, for the figures "1948" the figures "1950" shall be substituted.

(5) After section 15A, the following section shall be inserted, namely:—

"15B. *Exemption on account of donations for charitable purposes.*—(1) The tax shall not be payable by an assessee in respect of any sums paid by him as donations to any institution or fund which is established in British India for a charitable purpose and is approved by the Central Government for the purposes of this section:

Provided that the total of the sums so paid is not less than two hundred and fifty rupees:

Provided further that in the case of a company this exemption shall apply only in respect of the income-tax, and not in respect of any super-tax, payable by it.

*Explanation.*—In this section, 'charitable purpose' includes relief of the poor, education, medical relief and the advancement of any other object of general public utility.

(2) The aggregate of any sums exempted under this section shall not exceed—

(*a*) one-twentieth in the case of a company, and one-tenth in any other case, of the assessee's total income as reduced by any portion thereof exempt from tax under any other provision of this Act, or

(*b*) two hundred and fifty thousand rupees,

whichever is less.

(3) The amount by which the tax payable by an assessee is reduced on account of an exemption under this section shall not in any case exceed half the amount in respect of which the exemption is allowed under this section."

(6) In section 16, in clause (*a*) of sub-section (1), for the words and figures " section 14 and section 15," the words, figures and letter " section 14, section 15 and section 15B " shall be substituted; and in sub-section (2), for the words " of a company " the words and brackets " of the company (without taking into account any rebate allowed or additional income-tax charged) " shall be substituted.

(7) In sub-section (3) of section 17, after the words and figures " of section 14 " the words, figures and letter " or under section 15B " shall be inserted.

(8) In sub-section (3*E*) of section 18, for the words " by a company " the words " by an Indian company or by a company which has made such effective arrangements as may be prescribed for the deduction of super-tax from such dividends " shall be substituted.

(9) In section 19A, after the words " every company, " the words " which is an Indian company or a company which has made such effective arrangements as may be prescribed for the declaration and payment of dividends in British India " shall be inserted.

(10) In section 49B, for the words " such person shall be deemed " the words " such person shall, if the dividend is included in his total income, be deemed " shall be substituted, and for the words " total income of a company " the words " total income of the company " shall be substituted.

9. *Income-tax and super-tax.*—(1) Subject to the provisions of sub-sections (3), (4), (5) and (6), for the year beginning on the 1st day of April, 1948,—

(*a*) income-tax shall be charged at the rates specified in Part I of the Second Schedule to this Act, and

(*b*) rates of super-tax shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (hereafter in this section

referred to as "the Income-tax Act"), be those specified in Part II of the Second Schedule to this Act.

(2) In making any assessment for the year ending on the 31st day of March, 1949, there shall be deducted from the total income of an assessee, in accordance with the provisions of section 15A of the Income-tax Act, an amount equal to one-fifth of the earned income, if any, included in his total income, but not exceeding in any case four thousand rupees.

(3) In making any assessment for the year ending on the 31st day of March, 1949,—

(*a*) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" as reduced by the deduction for earned income appropriate thereto, or any income chargeable under the head "Interest on securities," or any income from dividends in respect of which he is deemed under section 49B of the Income-tax Act to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1947, on his total income the same proportion as the amount of such inclusions bears to his total income;

(*b*) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable, according to the rates applicable under the operation of the Indian Finance Act, 1947, on his total income the same proportion as the amount of such inclusion bears to his total income.

(4) In making any assessment for the year ending on the 31st day of March, 1949, where the total income of an assessee consists partly of earned income and partly of unearned income, the super-tax payable by him shall be—

(*i*) on that part of the earned income chargeable under the head "Salaries" to which clause (*b*) of sub-section (3) applies, the amount of super-tax computed in accordance with the provisions of that sub-section, *plus*

(*ii*) on the remainder of the earned income, the amount which bears to the total amount of super-tax which would have been payable on his total income had it consisted wholly of earned income the same proportion as such remainder bears to his total income, *plus*

(*iii*) on the unearned income, the amount which bears to the total amount of super-tax which would have been payable on his total income had it consisted wholly of unearned income the same proportion as the unearned income bears to his total income.

(5) In making any assessment for the year ending on the 31st day of March, 1949,—

(*a*) where the total income of a company includes any profits and gains from life insurance business, the super-tax payable by the company shall be reduced by an amount computed at the rate of two annas in the rupee on that part of its total income which consists of such inclusion ;

(*b*) where the total income of an assessee, not being a company, includes any profits and gains from life insurance business, the income-tax and super-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of such taxes payable according to the rates applicable under the operation of the Indian Finance Act, 1942, on his total income the same proportion as the amount of such inclusion bears to his total income, so however that the aggregate of the taxes so computed in respect of such inclusion shall not in any case exceed the amount of tax payable on such inclusion at the rate of five annas in the rupee.

(6) In cases to which section 17 of the Income-tax Act applies, the tax chargeable shall be determined as provided in that section, but with reference to the rates imposed by sub-section (1), and in accordance, where applicable, with the provisions of sub-sections (3), (4) and (5) of this section.

(7) For the purposes of making any deduction of income-tax in the year beginning on the 1st day of April, 1948, under sub-section (2) or sub-section (2B) of section 18 of the Income-tax Act from any earned income chargeable under the head "Salaries," the estimated total income of the assessee under this head shall, in computing the income-tax to be deducted, be reduced by an amount equal to one-fifth of such earned income, but not exceeding in any case four thousand rupees ; but no abatement shall be allowed by the person responsible for paying the salary in respect of any donations made by the assessee to which section 15B of the Income-tax Act is or may be applicable.

(8) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the

Income-tax Act, and the expression "earned income" has the meaning assigned to it in clause (6AA) of section 2 of that Act.

10. *Amendment of Act XXI of* 1947.—The following amendments shall be made in the Business Profits Tax Act, 1947 :—

(1) In clause (1) of section 2, after the words "chargeable accounting period" the words and figures "ending on or before the 31st day of March, 1947," shall be inserted, and after the words "the period of one year" the following shall be inserted, namely :—

"and, in respect of any chargeable accounting period beginning after the 31st day of March, 1947, such sum as may be fixed by the annual Finance Act."

(2) In sub-clause (*a*) of clause (4) of section 2, for the figures "1947" the figures "1948" shall be substituted, and to the said clause (4), the following proviso shall be added, namely :—

"Provided that where an accounting period falls partly before, and partly after, the end of March, 1947, so much of that accounting period as falls before, and so much of that accounting period as falls after, the end of March, 1947, shall be deemed each to be a separate chargeable accounting period."

(3) In section 4, for the words "which shall be equal to sixteen and two-thirds per cent. of the taxable profits," the following shall be substituted, namely :—

"which shall, in respect of any chargeable accounting period ending on or before the 31st day of March, 1947, be equal to sixteen and two-thirds per cent. of the taxable profits, and in respect of any chargeable accounting period beginning after that date, be equal to such percentage of the taxable profits as may be fixed by the annual Finance Act."

11. *Business Profits Tax.*—(1) The tax imposed by section 4 of the Business Profits Tax Act, 1947, shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1947, be an amount equal to ten per cent. of the taxable profits.

(2) For the purposes of the said Act, "abatement" shall mean, in respect of any chargeable accounting period beginning after the 31st day of March, 1947, a sum which bears—

(*a*) in the case of a company not being a company deemed for the purposes of section 9 of the said Act to be a firm, to a sum equal to six per cent. of the capital of the company on the first day of the said period, computed in accordance with Schedule II to the said Act, or two lakhs of rupees, whichever is greater, or

(*b*) in any other case, to two lakhs of rupees, the same proportion as the said period bears to the period of one year.

## THE FIRST SCHEDULE

(See section 5)

*Goods on which additional duty of customs is not leviable.*

A. Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely :—

Nos. 8 (2), 8 (3), 9 (5), 20 (1), 20 (3), 20 (4), 24, 24 (1), 24 (2), 24 (3) 25 (1), 27 (4), 27 (5), 27 (6), 28 (15), 28 (16), 28 (17), 28 (18), 29, 29 (1), 30 (9), 30 (10), 43, 44, 46 (3), 61 (2), 61 (3), 62 (1), 62 (2), 63 (30), 63 (31), 63 (32), 63 (33), 70 (2), 70 (3), 71 (7), 71 (8), 72, 72 (1), 72 (2), 72 (3), 72 (11), 75 (1), 75 (5), 75 (6), 75 (7), 75 (8).

B. Goods comprised in the following items of the First Schedule to the Indian Tariff Act, 1934, when the Customs Collector is satisfied that such goods are the produce or manufacture of Burma, namely :—

No. 7 (potatoes and onions only) and Nos. 9, 9 (3), 13 (2), 17 and 34 (4) (*a*).

## THE SECOND SCHEDULE.

(See section 9).

### PART I.

*Rates of Income-tax.*

A. In the case of every individual, Hindu undivided family unregistered firm and other association of persons, not being a case to which paragraph B, C or D of this Part applies—

| | | *Rate* |
|---|---|---|
| 1. | On the first Rs. 1,500 of total income .. | *Nil.* |
| 2. | On the next Rs. 3,500 of total income .. | One anna in the rupee. |
| 3. | On the next Rs. 5,000 of total income .. | Two annas in the rupee. |
| 4. | On the next Rs. 5,000 of total income .. | Three and a half annas in the rupee. |
| 5. | On the balance of total income .. .. | Five annas in the rupee. |

Provided that—

(i) no income-tax shall be payable on a total income which, before deduction of the allowance, if any, for earned income, does not exceed Rs. 3,000 ;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income (before deduction of the said allowance, if any, for earned income) exceeds Rs. 3,000 ;

(iii) the income-tax payable on the total income as reduced by the allowance for earned income shall not exceed either—

(*a*) a sum bearing to half the amount by which the total income (before deduction of the allowance for earned income) exceeds Rs. 3,000 the same proportion as such reduced total income bears to the unreduced total income, or

(*b*) the income-tax payable on the income so reduced at the rates herein specified,—

whichever is less.

B. In the case of every company, not being a company to which paragraph C of this Part applies—

| | *Rate* |
|---|---|
| On the whole of total income .. .. .. | Five annas in the rupee. |

Provided that in the case of an Indian company—

(*a*) where the total income, as reduced by seven annas in the rupee and by the amount, if any, exempt from income-tax, exceeds the amount of any dividends (including dividends payable at a fixed rate) declared in respect of the whole or part of the previous year for the assessment for the year ending on the 31st day of March, 1949, and no order has been made under sub-section (1) of section 23A of the Indian Income-tax Act, 1922, a rebate shall be allowed at the rate of one anna per rupee on the amount of such excess;

(*b*) where the amount of dividends referred to in clause (*a*) above exceeds the total income as reduced by seven annas in the rupee and by the amount, if any, exempt from income-tax, there shall be charged on the total income an additional income-tax equal to the sum, if any, by which the aggregate amount of income-tax actually borne by such excess (hereinafter referred to as "the excess dividend") falls short of the amount calculated at the rate of five annas per rupee on the excess dividend; and

(*c*) the income-tax payable, after deducting any rebate permissible under clause (*a*), but without including any additional income-tax chargeable under clause (*b*), shall not exceed the aggregate of—

(i) the income-tax which would have been payable under the provisions of paragraph C of this Part if the total income had been Rs. 25,000, and

(ii) half the amount by which the total income exceeds Rs. 25,000.

For the purposes of clause (*b*) of the above proviso, the aggregate amount of income-tax actually borne by the excess dividend shall be determined as follows:—

(i) the excess dividend shall be deemed to be out of the whole or such portion of the undistributed profits of one or more years immediately preceding the previous year as would be just sufficient to cover the amount of the excess dividend and as have not likewise been taken into account to cover an excess dividend of a preceding year;

(ii) such portion of the excess dividend as is deemed to be out of the undistributed profits of each of the said years shall be deemed to have borne tax,—

(*a*) if an order has been made under sub-section (1) of section 23A of the Indian Income-tax Act, 1922, in respect of the undistributed profits of that year, at the rate of five annas in the rupee, and

(*b*) in respect of any other year, at the rate applicable to the total income of the company for that year reduced by the rate at which rebate, if any, was allowed on the undistributed profits.

C. In the case of every Indian company the total income of which does not exceed Rs. 25,000—

| | *Rate* |
|---|---|
| On the whole of total income .. .. .. | Two and a half annas in the rupee: |

Provided that where the total income, as reduced by four and a half annas in the rupee and by the amount, if any, exempt from income-tax, exceeds the amount of any dividends (including dividends payable at a fixed rate) declared in respect of the whole or part of the previous year for the assessment for the year ending on the 31st day of March, 1949, and no order has been made under sub-section (1) of section 23A of the Indian Income-tax Act, 1922, a rebate shall be allowed at the rate of half anna per rupee on the amount of such excess.

D. In the case of every local authority and in every case in which, under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

| | *Rate* |
|---|---|
| On the whole of total income .. .. .. | Five annas in the rupee. |

*Explanation.*—For the purposes of this Part,—

(*a*) the expression "dividend" shall be deemed to include any distribution included in that expression as defined in clause (6A) of section 2 of the Indian Income-tax Act, 1922, and any such distribution made during the year ending on the 31st day of March, 1949, shall be deemed to have been made in respect of the whole or part of the previous year;

(*b*) the expression "Indian company" shall have the meaning assigned to it in clause (7A) of section 2 of the Indian Income-tax Act, 1922.

## PART II

*Rates of Super-tax*

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

| | | *Rate, if income wholly earned.* | *Rate, if income wholly unearned.* |
|---|---|---|---|
| 1. | On the first Rs. 25,000 of total income .. | *Nil.* | *Nil.* |
| 2. | On the next Rs. 15,000 of total income .. | Two annas in the rupee. | Three annas in the rupee. |
| 3. | On the next Rs. 15,000 of total income .. | Three annas in the rupee. | Four and a half annas in the rupee. |
| 4. | On the next Rs. 15,000 of total income .. | Five annas in the rupee. | Six annas in the rupee. |
| 5. | On the next Rs. 15,000 of total income .. | Six annas in the rupee. | Seven annas in the rupee. |
| 6. | On the next Rs. 15,000 of total income .. | Six and a half annas in the rupee. | Eight annas in the rupee. |
| 7. | On the next Rs. 50,000 of total income .. | Seven annas in the rupee. | Nine annas in the rupee. |
| 8. | On the next Rs. 1,00,000 of total income .. | Nine and a half annas in the rupee. | Nine and a half annas in the rupee. |
| 9. | On the next Rs. 1,00,000 of total income .. | Ten annas in the rupee. | Ten annas in the rupee. |
| 10. | On the balance of total income .. .. | Ten and a half annas in the rupee. | Ten and a half annas in the rupee. |

B. In the case of every local authority—

| | *Rate* |
|---|---|
| On the whole of total income .. .. .. | Two annas in the rupee. |

C. In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of a Provincial Legislature governing the registration of co-operative societies—

| | | *Rate* |
|---|---|---|
| (1) | On the first Rs. 25,000 of total income .. | *Nil.* |
| (2) | On the balance of total income .. .. | Two annas in the rupee. |

D. In the case of every company—

| | *Rate* |
|---|---|
| On the whole of total income .. .. .. | Three annas in the rupee. |

Provided that a rebate at the rate of one anna per rupee of the total income shall be allowed in the case of any company which, in respect of its profits liable to tax under the Indian Income-tax Act, 1922, for the year ending on the 31st day of March, 1949, has made the prescribed arrangements–

(*a*) for the declaration and payment in the Provinces of India of the dividend payable out of such profits, and

(*b*) for the deduction of super-tax from dividends in accordance with the provisions of sub-section (3*D*) or (3*E*) of section 18 of the said Act.

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## Rules and Regulations for the Measurement for Tonnage of cotton and other goods in bales or packages under the orders of the Bombay Chamber of Commerce

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*Adopted at a Special General Meeting of the Chamber, held on the 24th September* 1924

I. Whereas it is expedient to collate and amend the Rules and Regulations for the measurement of goods.

II. All such Rules and Regulations hitherto in force are hereby rescinded and the following are substituted therefor with effect from the 1st April 1901.

III. In the following Rules and Regulations and in any Orders that may from time to time be issued by the General Committee of the Chamber of Commerce under Rule XVII—

(*a*) Measurer shall mean a measurer appointed by the Committee of the Chamber of Commerce for the purposes of these rules.

(*b*) Measurement shall mean measurement by such measurer.

(*c*) Shipper shall mean the person shipping the goods or his representative.

(*d*) Quay shall mean a place in the Docks or at one of the Bunders recognized for the regular shipment of goods.

(*e*) Vessel shall mean a vessel propelled by sail or steam and not being used for the conveyance of goods from the Quay to another vessel in the Port of Bombay.

(*f*) Boat shall mean a vessel, lighter or craft used for the conveyance of goods from the Quay to a vessel in the Port of Bombay.

(*g*) Package shall mean a bale, case, barrel, cask, bag or other receptacle subject to measurement.

(*h*) Consignment shall mean the whole quantity of one commodity subject to measurement to be shipped by one shipper in one vessel.

(*i*) Lot shall mean a package or number of packages forming part of a consignment and presented by one shipper at one time for measurement.

IV. Public Measurers shall be appointed under the authority of the Chamber of Commerce and stationed at the different quays to measure packages.

V. Fees, the amount of which shall from time to time be fixed under the Orders of the General Committee of the Chamber of Commerce, shall be levied in accordance with such Orders on all goods presented for measurement.

VI. No measurements shall be held good except such as are taken by a Measurer and with instruments bearing the stamp of the Chamber of Commerce.

VII. Such instruments shall be supplied and issued to the Measurers by the Chamber of Commerce.

VIII. All instruments shall be submitted to the Secretary of the Chamber of Commerce at intervals to be prescribed by the Committee and a register of such inspections shall be kept.

IX. Measurers shall be responsible for the good order of their instruments and for the prompt return to the Secretary of the Chamber of such as are defective or doubtful.

X. The Chamber's stamp borne by instruments that are found by the Secretary to be defective shall be by him defaced.

XI. Instruments on which the Chamber's stamp has been defaced may be re-stamped under the directions of the Secretary when they are in good order.

XII. Certificates of measurements shall be issued to shippers and/or to Ship Agents in such form and in such manner as the Committee for the time being shall from time to time provide.

XIII. Provided always that the Measurer may withhold or recall such certificate on his having reasonable cause to believe that an irregularity in the matter of shipment has been or is being committed in respect of the goods to which such certificate relates.

XIV. The goods measured shall be alongside the vessel within thirty-six hours after measurement, weather permitting, or the certificate shall be void and the packages shall be re-measured on board, written notice being given by the owner, agent or master of the ship to the Shipper and to the Measurer respectively.

XV. Shippers shall as far as possible see that their goods are so arranged for measurement as not to retard the work of the Measurers.

XVI. The salaries of the Measurers and all other expense connected with this system of measurement shall be paid by the Chamber of Commerce from the Fee Fund raised under these Rules.

XVII. The Committee of the Chamber of Commerce are hereby authorized to appoint and maintain such staff of Measurers and Assistants, to fix and to pay such salaries to that staff, to fix and to collect such fees, to issue and from time to time to modify such orders, and to do all other such acts and things as may in their opinion be necessary for the proper and economical working of the system in conformity with the general principles herein laid down.

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## Orders for the Conduct of Measurement of Goods for Tonnage by Public Measurers in the Port of Bombay.

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*(Issued by the Committee of the Bombay Chamber of Commerce in pursuance of Section XVII of the Rules and Regulations adopted at a Special General Meeting of the Chamber held on the 24th September* 1924.)

(1) All Orders hitherto in force for the governance of Measurers are hereby rescinded and the following are substituted with effect from the 1st April 1901.

(2) The Measurers shall be in attendance on the Quays to which they are appointed whenever there are goods to be measured. During the busy season Measurers are expected to be on duty early and late.

(3) All Measurement Fees shall be paid to the Measurement Fee Clerk, and no goods shall be measured without the production of the Customs House Pass bearing the endorsement of the said clerk to the effect that the fees have been paid.

(4) The certificates of measurement issued in conformity with Rule XII shall show—

(*a*) the date, hour and place of measurement;
(*b*) the name of the shipper;
(*c*) the name of the vessel;
(*d*) the port of destination;
(*e*) the number and description of packages;
(*f*) the marks;
(*g*) the measurement;

and in the case of goods shipped by boats—

(*h*) the registered number of the boat;
(*i*) the name of the tindal.

The certificates of measurement shall be issued by the Measurers and shall in every case be signed by the Measurer who measured the goods.

(5) The whole of the packages forming a consignment of not more than thirty-two packages must be deposited on the Quay before measurement is taken.

(6) Consignments of more than thirty-two packages may be presented for measurement in lots of not less than thirty-two packages provided always that each lot, as soon as it is measured, is loaded into boats or shipped and that no unmeasured lot is mixed with a measured lot. Provided also that a final lot of less than thirty-two packages, being the complement of a consignment of more than thirty-two packages, may be measured separately.

(7) Shippers failing to have each lot as soon as measured loaded into boats or shipped; or shippers mixing unmeasured goods with measured goods or permitting them to be mixed; or shippers retarding the work of the Department by failing to move with reasonable promptitude the bales required by the Measurer to be moved for the proper performance of his duties; or shippers attempting to elude these regulations, any such person or their representatives may be required by the Measurer to deposit on the Quay the whole complement of their consignment before measurement is taken. In all cases when such requisition is made, the Measurer making it shall briefly report in writing to the Secretary the name of the shipper against whom the goods in respect of which and the reason for which, it has been made.

(8) A Measurer withholding or recalling a certificate under Section XIII of the Rules and Regulations adopted on the 24th September 1924 shall likewise briefly report to the Secretary in writing.

(9) No goods shall be measured otherwise than on a Quay excepting under the special conditions contemplated under Rule XIV and Order (22).

(10) Each and every package in a lot of package not of uniform dimensions shall be measured individually. This Rule shall not apply to lots of pressed bales from various presses if the shipper arrange such diverse bales according to their respective dimensions separately on the Quay.

(11) In regard to packages of uniform dimensions the Measurer shall use his judgment as to the proportion of such goods he should measure; but such proportion shall in no case be less than five per centum of each lot. Care must be taken

by the Measurers that they are not induced to measure packages that do not fairly represent the average.

(12) In no case shall a shipper's man or men be allowed to put the callipers on a package. A peon of the Chamber holding the callipers may, when standing exactly in front, pull them tight with his hands but not when standing on one side, nor shall he ever be allowed to pull the callipers towards his chest or side or to put his shoulder to them.

(13) In measurement for length, care must be taken that the legs of the callipers touch the ground and that bales when being measured lie in the same position as when in the press. Measurement of bales for depth and breadth shall be taken on the ends, half the number of bales being measured on the marked end and half on the other end.

(14) Measurers when measuring pressed bales shall ascertain whether all are from one press or not, and under Orders (10) and (11) of these orders shall further ascertain how many bales there are from each press and shall give measurement accordingly and show on the certificate the number of bales to which each measurement relates.

(15) In cases where the shipper shall hand to the Measurer a letter from the owner, agent or master of the vessel authorising the Measurer to accept for measurement and calculation of average such packages as the said shipper may reserve for such measurement, the Measurer shall measure the packages so reserved and give a certificate on the basis of their measurement, provided that such packages represent not less than five per centum of the entire consignment.

(16) The scale of measurement fees leviable under Rules V and XVII shall be as follows :—

(*a*) On Cotton, Wool, Hemp, Aloe Fibre Twist (white and coloured), Rags, and waste in pressed bales—pies 6 per bale.

(*b*) On Round Timber or Logs—each annas 8.

(*c*) On Gunny bales from Calcutta, Hide and Skins, Piecegoods, and all goods not included under (*a*) and (*b*), packages of diverse dimension—annas 2 per package.

Subject to a rebate of anna one per package on the Measurers certifying that the lot measured consisted of not less than 50 packages all of uniform dimensions.

(*d*) On goods of any description measured on board a vessel—annas 2 per package.

(*e*) When the work of the Department admits of such an arrangement, the exclusive services of a Measurer for a day may be secured on payment to the Secretary of a fee of Rs. 10.

(*f*) The attendance of a Measurer on a Sunday or one of the Charter-Party Holidays when the Docks are closed may be secured on application to the Secretary, accompanied by the sum of Rs. 15 which shall be paid by him to the Measurer appointed by him to attend. The fee of Rs. 15 shall cover the services of one Measurer for one ship. If two Measurers are applied for two fees of Rs. 15 must be paid at the time of application. If a Measurer is required to work on more than one steamer a separate fee of Rs. 15 must be paid in respect of each steamer.

(*g*) The attendance of a Measurer for night duty may be secured in the same manner as above.

(17) All disputes as to the applicability of Order (16) (*d*) under Rule XIV shall be referred to the Weather Working Days Committee of the Chamber and the decision of that Committee shall be final. With respect to Order (16) (*d*) a refund of pies 6 per package will be made on declaration of the said Committee, remitted on the invitation of the claimant that the state of the weather during the thirty-six hours of grace allowed had been such as to justify the shipper's delay in bringing the goods alongside.

(18) Refund of measurement fees in full shall be made in respect of a consignment or portion of a consignment shut out after measurement.

(19) In respect of Round Timber and Logs, the measurement to be certified, in accordance with Order (4) (*g*), shall be as follows :—

Length in feet and inches : As found with tape.

Breadth : The mean of two measurements taken with callipers at thickest and thinnest portions.

Depth : The mean of two measurements taken with callipers at thickest and thinnest portions.

The certificate shall also show under Order (4) (*a*) not only the time at which the work of measurement was commenced, but the time at which it was completed. On application to the Secretary supported by evidence of time as here provided refund will be made of the difference between the fee as prescribed under Order (16) (*b*), and a charge of Rupees Two for every hour or part of an hour actually occupied in measurement.

(20) Refund of Measurement Fees shall not be made for any sum less than Three Rupees.

(21) All claims for Refund of Measurement Fees shall be made to the Secretary of the Chamber of Commerce who shall allow or disallow such claims in conformity with these Orders, but no claim for Refund of Measurement Fees shall be allowed unless presented within one month from the date of the sailing of the vessel concerned.

(22) Each Measurer shall keep a Dispute Book and it shall be competent for any shipper or the owner, agent or master of a vessel who disputes the correctness of a measurement given in respect of goods being shipped by him to call for the said Dispute Book, which the Measurer shall produce at once, and to enter therein a claim to have the goods in question or any portion of them remeasured. And on the said shipper or the owner, agent or master of a vessel depositing with the Measurer the sum of annas 2 for each package to be measured, the Measurer shall at once remeasure such package or packages in such a manner that the shipper or the owner, agent or master of a vessel can see whether the measurement is correctly taken and shall give to the shipper or the owner, agent or master of a vessel a certificate of the measurement so found and write thereon the words " Protested Certificate. Fee paid Rs....." and the sum so paid. The Measurer shall immediately thereafter forward to the Secretary a statement of the case together with the amount of the Fee received.

Provided that on any of the stations where more than one Measurer is employed, the Measurer whose measurements are disputed shall, immediately after receiving the protest and fee, call another Measurer who shall make the remeasurement in the manner above laid down, shall issue the " Protested Certificate " and forward the necessary statement to the Secretary.

(23) Should a shipper demand remeasurement under Order (22) and should such remeasurement, in the opinion of the Secretary, show the original measurement not to have been substantially correct, the extra fee of annas 2 per package shall be refunded to the shipper on demand and the case reported to the Committee.

(24) Every Measurer shall receive a book of Measurement Slips together with indelible pencil and carbon paper for making such slip in quadruplicate. The Measurer will hand to the shippers at the time of measurement the original and third carbon copy; The first carbon copy will be handed to the ship agent's representative on demand and the second carbon copy will be retained for the Chamber's records.

Provided that when goods are shipped in boats for delivery alongside the said first carbon copy, belonging to the ship's agent, shall be handed to the boatman from whom it should be obtained by the ship's officers.

## RESERVE BANK OF INDIA

*An Account pursuant to the Reserve Bank of India Act* 1934 *for the week ended the 26th day of December* 1947

### ISSUE DEPARTMENT

| LIABILITIES. | Rs. | Rs. | ASSETS. | Rs. | Rs. |
|---|---|---|---|---|---|
| Notes held in the Banking Department .. .. | 49,02,46,600 | | A. Gold Coin and Bullion— | | |
| | | | (a) Held in India .. | 44,41,45,000 | |
| | | | (b) Held outside India— | | |
| Notes in Circulation .. | 1,225,36,22,000 | | Sterling Securities .. | 1,135,32,89,000 | |
| Total Notes issued .. | | 1,274,38,68,000 | Total of A .. .. | | 1,179,74,34,000 |
| | | | B. Rupee Coin .. .. | | 36,80.30,000 |
| | | | Government of India Rupee Securities .. | | 57,84,04,000 |
| | | | Internal Bills of Exchange and other Commercial Paper | | .... |
| Total Liabilities .. | | 1,274,38,68,000 | Total Assets .. | | 1,274,38,68,000 |

*Statement of Affairs of the Reserve Bank of India, Banking Department, as on 26th December 1947.*

| LIABILITIES. | Rs. | ASSETS. | Rs. |
|---|---|---|---|
| Capital Paid up | 5,00,00,000 | Notes | 49,02,46,000 |
| Reserve Fund | 5,00,00,000 | Rupee Coin | 12,31,000 |
| Deposits :— | | Subsidiary Coin | 1,32,000 |
| (a) Central Government of | | Bills Purchased and Discounted :— | |
| (1) India | 344,63,49,000 | (a) Internal | .... |
| (2) Pakistan | 1,39,97,000 | (b) External | .... |
| (b) Other Governments in | | (c) Government Treasury Bills | 64,17,000 |
| (1) India | 16,54,55,000 | Balances held abroad* | 383,13,30,000 |
| (2) Pakistan | 1,41,78,000 | Loans and Advances to Governments | 26,00,000 |
| (c) Banks | 108,06,71,000 | Other Loans and Advances | 1,65,000 |
| (d) Others | 35,73,57,000 | Investments | 93,26,02,000 |
| Bills Payable | 3,94,92,000 | Other Assets | 4,13,94,000 |
| Other Liabilities | 8,86,18,000 | | |
| Total Rs. | 530,61,17,000 | Total Rs. | 530,61,17,000 |

* Includes cash and short term securities.

# COMPARATIVE BANKING STATISTICS.

(In crores of rupees.)

| | 1st Sept. 1939 | 26th Dec. 1947 | A year ago. |
|---|---|---|---|
| **Reserve Bank** | | | |
| ISSUE DEPARTMENT— | | | |
| Notes in Circulation .. .. .. | 172.44 | 1,225.36 | 1,224.56 |
| Notes held in Banking Department .. | 35.05 | 49.02 | 34.09 |
| Sterling Securities .. .. .. | 39.50 | 1,135.32 | 1,135.33 |
| Rupee Securities .. .. .. .. | 37.39 | 57.84 | 57.84 |
| BANKING DEPARTMENT— | | | |
| Deposits of— | | | |
| Government of India .. .. | 14.89 | 344.63 | 457.61 |
| Government of Pakistan .. .. | .. | (1.40) | .. |
| Balances held Abroad .. .. .. | 10.08 | 383.13 | 487.42 |
| **Scheduled Banks** | | | |
| Demand Liabilities .. .. .. | 134.37 | 729.74 (80.81) | 730.15 |
| Time Liabilities .. .. .. .. | 102.34 | 342.64 (26.49) | 330.95 |
| Balances with Reserve Bank .. .. | 25.28 | 106.73 | 69.00 |
| Excess over Statutory Limit .. .. | 16.52 | .. | 26.89 |
| Advances .. .. .. .. .. | 101.52 | 424.79 (37.65) | 442.30 |
| Bills .. .. .. .. .. | 3.57 | 18.75 (1.04) | 22.87 |
| Cash .. .. .. .. .. | 6.71 | 39.47 (3.77) | 48.26 |
| **Imperial Bank** | | | |
| Deposits .. .. .. .. .. | 87.76 | 288.72 | 266.87 |
| Investments .. .. .. .. .. | 51.99 | 163.87 | 154.45 |
| Advances .. .. .. .. .. | 30.37 | 79.17 | 87.83 |
| Cash .. .. .. .. .. | 14.69 | 56.99 | 36.19 |

Figures for Pakistan are shown within brackets.

*Total Imports of Treasure on Private Account from Foreign Countries and Indian Ports into Bombay by Sea and Air from 1st April 1947 to 31st March 1948.*

| From | Gold. | | | Silver. | | | |
|---|---|---|---|---|---|---|---|
| | Bullion. | Coin. | | Bullion. | Coin. | | |
| | | Sovereigns and Half Sovereigns. | Other Coin. | | Dollars. | Govt. of India Rupees. | Other Coin. |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| United Kingdom .. .. | — | — | — | 4,02,62,376 | — | — | — |
| Continent of Europe .. | 2,23,05,343 | — | 15,15,714 | 1,03,98,254 | — | — | — |
| America .. .. .. | 1,49,30,508 | — | 7,43,036 | 23,83,285 | — | — | — |
| Australasia .. .. .. | — | — | — | — | — | — | — |
| Egypt .. .. .. | 91,62,131 | — | — | 1,65,939 | — | — | 1,08,44,835 |
| Aden .. .. .. | 1,66,437 | — | — | 22,228 | — | — | — |
| China .. .. .. | 7,00,658 | — | 29,142 | 95,42,978 | — | — | 47,45,618 |
| Straits Settlements .. | — | — | — | — | — | — | — |
| Iran .. .. .. | 58,97,330 | — | — | — | — | — | — |
| Iraq .. .. .. | 10,52,328 | — | 1,45,817 | 7,156 | — | — | 14,29,986 |
| Arabia & Red Sea Ports .. | — | — | — | 1,10,604 | 20,642 | 33,59,000 | 21,69,007 |
| Africa .. .. .. | 18,239 | — | — | — | — | — | — |
| Other Foreign Countries .. | 2,70,93,947 | — | 20,05,535 | 8,80,313 | — | — | 3,96,006 |
| Indian Ports .. .. | 58,984 | — | — | 99,58,158 | — | 19,82,956 | 1,06,05,467 |
| Total .. | 8,13,85,905 | — | 44,39,244 | 7,37,31,291 | 20,642 | 53,41,956 | 3,01,90,919 |

*Total Exports of Treasure on Private Account to Foreign Countries and Indian Ports from Bombay by Sea and Air from 1st April 1947 to 31st March 1948.*

| To | Gold. | | | Silver. | | | |
|---|---|---|---|---|---|---|---|
| | Bullion. | Coin. | | Bullion. | Coin. | | |
| | | Sovereigns and Half Sovereigns. | Other Coin. | | Dollars. | Govt. of India Rupees. | Other Coin. |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Straits Settlements .. | — | — | — | — | — | — | 930 |
| Iraq .. .. .. | 1,83,606 | — | — | — | — | — | — |
| Total .. | 1,83,606 | — | — | — | — | — | 930 |

# IMPORT AND EXPORT TRADE OF BRITISH INDIA.

*STATEMENT showing the Annual Value of the Import and Export Trade of British India and the Total Miles of Railway open.*

| Year ending 31st March. | Total Miles of Railway open. | Imports. | | | Exports. | | |
|---|---|---|---|---|---|---|---|
| | | Merchandise. | Treasure. | Total Merchandise and Treasure. | Merchandise. | Treasure. | Total Merchandise and Treasure. |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1878 .. .. .. | 8,217 | 41,46,41,851 | 17,35,54,596 | 58,81,96,447 | 65,22,23,282 | 2,21,09,956 | 67,43,33,238 |
| 1879 .. .. .. | 8,494 | 37,80,09,835 | 7,05,67,486 | 44,85,77,321 | 60,93,68,769 | 3,98,22,283 | 64,91,91,052 |
| 1880 .. .. .. | 9,162 | 41,17,25,671 | 11,65,48,948 | 52,82,74,619 | 67,21,07,406 | 2,03,51,479 | 69,24,58,885 |
| 1881 .. .. .. | 9,890 | 53,08,68,074 | 8,99,72,139 | 62,08,40,213 | 74,54,09,072 | 1,44,04,408 | 75,98,13,480 |
| 1882 .. .. .. | 10,149 | 49,11,28,724 | 11,32,27,804 | 60,43,56,528 | 81,96,64,102 | 1,09,97,468 | 83,06,61,576 |
| 1883 .. .. .. | 10,458 | 52,09,86,720 | 13,45,33,642 | 65,55,20,362 | 83,48,40,372 | 1,04,18,488 | 84,52,67,860 |
| 1884 .. .. .. | 11,631 | 55,29,89,907 | 12,87,79,633 | 68,17,69,540 | 88,07,64,315 | 1,00,84,937 | 89,08,49,252 |
| 1885 .. .. .. | 12,283 | 55,70,16,804 | 13,88,81,918 | 69,58,98,722 | 83,17,01,507 | 1,96,89,796 | 85,13,91,302 |
| 1886 .. .. .. | 12,892 | 55,65,19,552 | 15,46,70,808 | 71,11,90,360 | 83,86,11,693 | 1,10,82,310 | 84,96,94,603 |
| 1887 .. .. .. | 14,103 | 61,81,19,608 | 11,04,83,224 | 72,86,02,832 | 88,48,10,354 | 1,72,04,261 | 90,20,14,615 |
| 1888 .. .. .. | 14,576 | 65,00,45,881 | 13,81,25,456 | 78,81,71,337 | 90,54,36,458 | 1,60,46,242 | 92,14,82,700 |
| 1889 .. .. .. | 15,887 | 60,43,77,531 | 13,84,49,249 | 83,28,26,780 | 97,06,02,386 | 1,78,43,819 | 98,84,46,205 |
| 1890 .. .. .. | 16,401 | 69,19,93,762 | 17,45,45,037 | 86,65,38,799 | 1,03,44,87,052 | 1,90,63,218 | 1,05,35,50,270 |
| 1891 .. .. .. | 17,308 | 71,97,57,754 | 21,93,44,876 | 93,91,02,630 | 1,00,21,50,575 | 2,12,31,785 | 1,02,33,82,360 |
| 1892 .. .. .. | 17,815 | 69,42,75,659 | 14,72,26,621 | 84,15,02,280 | 1,08,17,79,873 | 3,28,66,858 | 1,11,46,46,731 |
| 1893 .. .. .. | 18,504 | 66,27,86,222 | 17,00,98,101 | 83,28,84,323 | 1,06,57,46,715 | 6,95,89,237 | 1,13,53,35,952 |
| 1894 .. .. .. | 18,900 | 77,02,60,944 | 18,46,12,564 | 95,48,73,508 | 1,06,51,48,540 | 4,10,01,921 | 1,10,61,50,461 |
| 1895 .. .. .. | 19,547 | 73,51,65,042 | 9,58,12,084 | 83,09,77,126 | 1,08,92,91,101 | 8,22,60,717 | 1,17,15,51,818 |
| 1896 .. .. .. | 20,254 | 72,93,61,344 | 13,36,79,854 | 86,30,41,198 | 1,14,34,59,341 | 4,25,98,105 | 1,18,60,57,446 |
| 1897 .. .. .. | 21,115 | 76,21,58,352 | 13,08,45,635 | 89,30,03,987 | 1,03,08,36,184 | 4,03,74,955 | 1,08,02,11,139 |
| 1898 .. .. .. | 22,040 | 73,63,43,159 | 20,53,06,170 | 94,16,49,329 | 97,63,51,302 | 7,14,80,470 | 1,04,78,38,272 |
| 1899 .. .. .. | 23,523 | 72,11,07,161 | 17,89,56,127 | 90,00,63,238 | 1,12,80,11,811 | 7,41,14,207 | 1,20,21,26,018 |
| 1900 .. .. .. | 24,752 | 75,30,44,785 | 20,97,36,851 | 96,27,81,636 | 1,09,11,36,448 | 7,95,63,876 | 1,17,07,00,324 |
| 1901 .. .. .. | 25,363 | 80,89,40,873 | 24,57,61,818 | 1,05,47,02,691 | 1,07,76,44,143 | 14,22,73,646 | 1,21,99,17,789 |
| 1902 .. .. .. | 25,931 | 88,74,24,199 | 20,87,13,352 | 1,09,61,37,551 | 1,24,52,48,571 | 11,47,08,603 | 1,35,99,57,174 |
| 1903 .. .. .. | 26,956 | 85,86,60,829 | 25,31,83,178 | 1,11,18,44,007 | 1,29,40,79,337 | 9,65,76,370 | 1,39,06,55,707 |
| 1904 .. .. .. | 27,565 | 92,59,22,723 | 38,52,61,072 | 1,31,11,83,795 | 1,53,51,71,599 | 15,04,38,811 | 1,68,56,10,410 |
| 1905 .. .. .. | 28,295 | 1,04,41,27,454 | 39,50,81,750 | 1,43,92,09,204 | 1,57,70,83,029 | 16,42,88,107 | 1,74,13,71,196 |
| 1906 .. .. .. | 29,097 | 1,12,07,09,822 | 31,65,14,438 | 1,43,72,24,260 | 1,61,85,53,960 | 15,47,00,054 | 1,77,32,54,014 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1907 .. .. .. | 30,010 | 1,17,24,15,294 | 44,57,98,114 | 1,61,82,13,408 | 1,76,66,94,270 | 5,71,82,526 | 1,82,38,76,796 |
| 1908 .. .. .. | 30,576 | 1,36,53,80,454 | 42,28,44,977 | 1,78,82,25,441 | 1,77,37,20,302 | 5,44,85,001 | 1,82,82,14,393 |
| 1909 .. .. .. | 31,490 | 1,28,77,81,788 | 22,74,41,677 | 1,51,52,23,465 | 1,53,14,31,953 | 6,32,02,465 | 1,59,46,34,418 |
| 1910 .. .. .. | 32,099 | 1,22,64,97,224 | 37,52,34,734 | 1,60,17,31,958 | 1,87,83,04,410 | 6,39,00,403 | 1,94,22,04,813 |
| 1911 .. .. .. | 32,839 | 1,33,70,57,458 | 39,77,35,730 | 1,73,47,93,188 | 2,10,15,16,030 | 7,12,69,254 | 2,17,27,85,284 |
| 1912 .. .. .. | 33,484 | 1,44,05,54,383 | 53,47,08,480 | 1,97,52,62,863 | 2,27,98,82,325 | 10,37,39,063 | 2,38,36,21,388 |
| 1913 .. .. .. | 34,656 | 1,66,62,96,807 | 61,83,17,536 | 2,28,46,14,343 | 2,46,21,83,342 | 10,63,17,656 | 2,56,85,00,998 |
| 1914 .. .. .. | 34,656 | 1,91,30,79,586 | 43,43,96,503 | 2,34,74,76,089 | 2,49,00,74,896 | 7,08,28,850 | 2,56,09,03,746 |
| 1915 .. .. .. | 35,285 | 1,44,93,07,207 | 21,80,83,236 | 1,66,73,90,443 | 1,82,17,60,256 | 5,28,94,370 | 1,87,46,54,626 |
| 1916 .. .. .. | 35,333 | 1,38,16,93,032 | 11,94,62,300 | 1,50,11,55,422 | 1,99,48,03,975 | 8,22,57,819 | 2,07,70,61,794 |
| 1917 .. .. .. | 36,286 | 1,60,24,89,599 | 38,45,26,695 | 1,98,70,16,294 | 2,47,37,74,815 | 6,41,72,070 | 2,53,79,46,885 |
| 1918 .. .. .. | 36,338 | 1,64,35,48,049 | 51,76,43,160 | 2,16,11,92,109 | 2,44,90,40,505 | 7,54,39,185 | 2,52,44,79,690 |
| 1919 .. .. .. | 36,616 | 1,88,56,24,317 | 71,36,55,075 | 2,59,92,79,392 | 2,55,32,02,610 | 9,01,03,571 | 2,64,33,06,181 |
| 1920 .. .. .. | 36,735 | 2,21,70,24,425 | 78,23,88,554 | 2,99,94,12,979 | 3,32,75,78,755 | 13,67,97,719 | 3,46,43,76,474 |
| 1921 .. .. .. | 37,029 | 3,47,13,52,122 | 34,76,34,962 | 3,81,89,87,084 | 2,67,64,36,175 | 26,17,12,640 | 2,93,81,48,815 |
| 1922 .. .. .. | 37,266 | 2,82,59,75,453 | 31,29,90,526 | 3,13,89,65,979 | 2,48,65,76,106 | 19,06,73,144 | 2,67,72,49,250 |
| 1923 .. .. .. | 37,618 | 2,46,19,24,109 | 63,57,96,096 | 3,09,77,20,205 | 3,16,07,16,915 | 3,01,71,845 | 3,19,08,88,760 |
| 1924 .. .. .. | 38,039 | 2,37,18,32,279 | 53,20,40,566 | 2,90,38,72,845 | 3,63,37,63,664 | 3,67,32,510 | 3,67,04,96,174 |
| 1925 .. .. .. | 38,270 | 2,53,36,36,608 | 99,19,84,987 | 3,52,56,21,595 | 4,00,24,27,531 | 5,16,81,392 | 4,05,41,08,923 |
| 1926 .. .. .. | 38,580 | 2,36,00,12,595 | 55,48,77,580 | 2,91,48,90,175 | 3,86,81,21,842 | 3,83,91,668 | 3,90,65,13,510 |
| 1927 .. .. .. | 39,048 | 2,40,81,84,303 | 41,53,20,573 | 2,82,35,04,876 | 3,11,05,04,300 | 2,21,13,404 | 3,13,26,17,704 |
| 1928 .. .. .. | 39,712 | 2,61,52,38,665 | 34,89,53,529 | 2,96,41,92,194 | 3,30,26,37,283 | 3,13,60,896 | 3,33,39,98,179 |
| 1929 .. .. .. | 40,950 | 2,63,39,79,260 | 37,29,42,646 | 3,00,69,22,006 | 3,39,15,00,656 | 6,35,31,454 | 3,45,50,38,110 |
| 1930 .. .. .. | 41,723 | 2,49,70,74,490 | 27,83,19,584 | 2,77,53,94,074 | 3,18,98,97,089 | 5,14,33,004 | 3,24,13,30,093 |
| 1931 .. .. .. | 42,281 | 1,73,09,08,307 | 26,86,34,373 | 1,99,95,42,680 | 2,26,51,21,864 | 4,00,08,598 | 2,30,51,30,462 |
| 1932 .. .. .. | 42,813 | 1,30,64,28,506 | 7,26,80,825 | 1,37,91,09,331 | 1,61,20,22,325 | 65,92,85,265 | 2,27,13,07,590 |
| 1933 .. .. .. | 42,961 | 1,35,01,76,054 | 2,99,13,188 | 1,38,00,89,242 | 1,35,93,34,109 | 70,66,15,528 | 2,06,59,49,637 |
| 1934 .. .. .. | 42,953 | 1,17,30,45,422 | 1,96,15,215 | 1,19,26,60,637 | 1,51,17,15,209 | 65,56,63,908 | 2,16,73,79,117 |
| 1935 .. .. .. | 43,021 | 1,34,58,25,058 | 5,19,17,165 | 1,39,77,42,223 | 1,55,49,71,644 | 63,50,46,139 | 2,19,00,17,783 |
| 1936 .. .. .. | 43,118 | 1,36,76,36,045 | 7,44,88,569 | 1,44,21,25,514 | 1,64,59,67,084 | 45,66,88,147 | 2,10,26,56,131 |
| 1937 .. .. .. | 43,128 | 1,27,72,13,251 | 15,50,80,994 | 1,43,23,03,245 | 2,02,48,94,884 | 30,20,40,314 | 2,32,69,35,198 |
| 1938* .. .. .. | 41,076 | 1,77,22,08,967 | 4,71,24,708 | 1,81,93,33,735 | 1,89,76,39,162 | 19,76,70,257 | 2,09,53,09,419 |
| 1939* .. .. .. | 41,134 | 1,55,55,32,005 | 3,24,36,026 | 1,58,79,68,031 | 1,69,83,11,805 | 15,19,54,275 | 1,85,02,66,080 |
| 1940* .. .. .. | 41,156 | 1,68,96,13,528 | 6,64,41,915 | 1,75,60,55,443 | 2,15,95,10,828 | 40,79,57,074 | 2,56,74,67,902 |
| 1941* .. .. .. | 41,052 | ‡1,56,96,88,235 | .... | .... | ‡1,98,71,57,790 | .... | .... |
| 1942* .. .. .. | 40,477 | ‡1,73,14,82,062 | .... | .... | ‡2,52,88,47,590 | .... | .... |
| 1943* .. .. .. | 40,525 | ‡1,10,44,43,095 | .... | .... | ‡1,94,96,18,245 | .... | .... |
| 1944* .. .. .. | 40,512 | 1,32,73,43,380 | 4,29,38,805 | 1,37,02,82,194 | 2,11,09,24,110 | 5,71,03,556 | 2,16,81,17,666 |
| 1945* .. .. .. | 40,509 | 2,31,76,87,333 | 24,46,42,070 | 2,56,23,29,403 | 2,29,76,09,435 | 5,18,55,199 | 2,34,94,64,634 |
| 1946* .. .. .. | 40,518 | 2,87,77,68,732 | 8,40,78,616 | 2,96,18,47,248 | 2,64,76,18,213 | 7,04,14,678 | 2,71,80,32,891 |

* Exclusive of Burma due to separation.

‡ Imports and Exports of Government Stores and Treasure not available.

*Summary of the Foreign Trade of Bombay for the Year ended 31st March 1948.*

(In lakhs of rupees.)

| | Imports. | Re-exports. | Net Imports. | Exports. |
|---|---|---|---|---|
| April 1947 .. .. | 18,28 | 9.6 | 18,18.4 | 4,82 |
| May „ .. .. .. | 18,74 | 11.1 | 18,62.9 | 6,79 |
| June „ .. .. .. | 15,28 | 10.6 | 15,17.4 | 5,49 |
| July „ .. .. .. | 19,31 | 11.7 | 19,19.3 | 6,17 |
| August „ .. .. .. | 18,83 | 4.5 | 18,78.5 | 6,42 |
| September „ .. .. .. | 15,87 | 6.3 | 15,80.7 | 9,67 |
| October „ .. .. .. | 16,90 | 8.8 | 16,81.2 | 5,32 |
| November „ .. .. .. | 15,45 | 6.9 | 15,38.1 | 3,25 |
| December „ .. .. .. | 15,84 | 6.2 | 15,77.8 | 9,77 |
| January 1948 .. .. | 16,97 | 6.7 | 16,90.3 | 5,83 |
| February „ .. .. .. | 17,14 | 8.7 | 17,05.3 | 7,21 |
| March „ .. .. .. | 16,78 | 81.2 | 15,96.8 | 9,40 |
| Total .. .. | 2,05,39 | 1,72.3 | 2,03,66.7 | 80,14 |

*Comparative Figures for the Past Three Years*

(In lakhs of rupees).

| Imports. | Year ended 31-3-1946 | Year ended 31-3-1947 | Year ended 31-3-1948 |
|---|---|---|---|
| Merchandise (Private) .. .. | 97,39 | 1,42,73 | 2,05,39 |
| *Less*—Re-exports .. .. | 80 | 1,96.7 | 1,72.3 |
| | 96,59 | 1,40,76.3 | 2,03,66.7 |
| Treasure (Private) .. .. | 55.6 | 28,80.8 | 1,72.5 |
| Net Imports .. | 97,14.6 | 1,69,57.1 | 2,20,91.7 |
| Exports .. .. .. .. | 53,28 | 56,16 | 80,14 |

*Exports of Cotton, Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to Europe (including Port Said for orders) during the Calendar Years* 1892 *to* 1923.

| Years. | Cotton. | Wool and Goat Hair. | Linseed. | Rape Seed. | Gingelly Seed. | Wheat. | Myrabollams. |
|---|---|---|---|---|---|---|---|
| | Bales. | Bales. | Cwts. | Cwts. | Cwts. | Cwts. | Cwts. |
| 1892 .. .. .. | 954,243 | 53,275 | 3,805,823 | 1,758,459 | 1,227,560 | 9,374,762 | 620,133 |
| 1893 .. .. .. | 857,771 | 49,538 | 4,319,264 | 4,275,862 | 1,510,317 | 5,043,690 | 563,053 |
| 1894 .. .. .. | 797,070 | 54,678 | 5,389,941 | 3,306,108 | 1,126,418 | 1,561,048 | 1,076,482 |
| 1895 .. .. .. | 624,465 | 61,586 | 2,639,749 | 1,829,827 | 1,379,335 | 2,522,933 | 775,582 |
| 1896 .. .. .. | 772,258 | 58,520 | 3,214,613 | 1,495,463 | 1,186,842 | 1,429,572 | 839,314 |
| 1897 .. .. .. | 511,899 | 51,710 | 775,838 | 1,874,663 | 831,398 | 5,343 | 555,081 |
| 1898 .. .. .. | 490,544 | 51,653 | 2,729,122 | 2,287,393 | 1,847,419 | 5,781,881 | 635,732 |
| 1899 .. .. .. | 500,232 | 53,272 | 2,136,142 | 1,967,680 | 1,613,679 | 2,852,863 | 752,343 |
| 1900 .. .. .. | 232,425 | 40,611 | 811,128 | 1,050,052 | 1,613,135 | 608 | 878,740 |
| 1901 .. .. .. | 560,434 | 33,091 | 1,754,701 | 2,586,544 | 1,704,817 | 38,619 | 728,055 |
| 1902 .. .. .. | 577,929 | 39,792 | 2,017,704 | 2,742,283 | 1,881,426 | 211,397 | 1,079,241 |
| 1903 .. .. .. | 958,199 | 49,332 | 2,957,635 | 2,614,181 | 3,063,821 | 2,783,625 | 748,137 |
| 1904 .. .. .. | 926,295 | 58,319 | 3,808,789 | 2,182,881 | 2,266,118 | 5,302,304 | 958,886 |
| 1905 .. .. .. | 667,323 | 63,666 | 3,485,956 | 728,041 | 1,420,503 | 4,205,315 | 621,298 |
| 1906 .. .. .. | 989,693 | 59,101 | 1,889,089 | 829,438 | 1,578,931 | 485,747 | 779,584 |
| 1907 .. .. .. | 1,126,376 | 54,390 | 2,333,472 | 2,026,544 | 2,235,206 | 552,660 | 848,293 |
| 1908 .. .. .. | 659,822 | 47,344 | 1,046,806 | 802,923 | 1,018,619 | 12,740 | 1,304,388 |
| 1909 .. .. .. | 672,247 | 69,121 | 1,843,403 | 1,273,005 | 1,620,631 | 2,177,644 | 76,757 |
| 1910 .. .. .. | 1,153,233 | 68,059 | 2,546,238 | 2,137,828 | 2,864,185 | 1,673,016 | 917,208 |
| 1911 .. .. .. | 776,417 | 62,721 | 4,905,089 | 1,383,053 | 2,016,231 | 3,326,327 | 662,892 |
| 1912 .. .. .. | 436,208 | 64,072 | 3,579,356 | 1,069,916 | 1,012,554 | 3,805,556 | 652,080 |
| 1913 .. .. .. | 736,262 | 63,244 | 3,713,812 | 1,042,510 | 1,695,000 | 4,997,989 | 549,483 |
| 1914 .. .. .. | 1,113,016 | 54,555 | 2,622,097 | 678,060 | 1,280,036 | 109,323 | 755,687 |
| 1915 .. .. .. | 403,322 | 82,456 | 1,603,837 | 543,494 | 150,068 | 1,593,002 | 601,144 |
| 1916 .. .. .. | 293,876 | 77,109 | 5,410,560 | 451,732 | 1,130,405 | 545,056 | 422,965 |
| 1917 .. .. .. | 358,378 | 84,151 | 2,630,619 | 321,811 | 639,091 | 4,636,634 | 408,602 |
| 1918 .. .. .. | 190,529 | 109,850 | 2,474,109 | 73,181 | 3,552 | 1,487,714 | 300,061 |
| 1919 .. .. .. | 337,043 | 63,938 | 2,689,540 | 396,514 | 331,022 | 126,416 | 538,022 |
| 1920 .. .. .. | 649,736 | 42,920 | 1,511,233 | 729,716 | 678,059 | .... | 346,812 |
| 1921 .. .. .. | 503,215 | 36,931 | 524,442 | 165,908 | 264,842 | .... | 419,329 |
| 1922 .. .. .. | 628,674 | 75,326 | 2,307,369 | 464,045 | 610,412 | 1,000 | 525,031 |
| 1923 .. .. .. | 980,710 | 51,734 | 3,043,144 | 786,356 | 156,675 | 419,046 | 389,198 |

*Exports of Cotton, Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to all Foreign Countries during the Calendar Years 1924 to 1947.*

| Years. | Cotton. | Wool and Goat Hair. | Linseed. | Rape Seed. | Gingelly Seed. | Wheat. | Myrabollams. |
|---|---|---|---|---|---|---|---|
| | Bales. | Bales. | Cwts. | Cwts. | Cwts. | Cwts. | Cwts. |
| 1924 .. .. | 2,520,053 | 75,992 | 2,990,141 | 881,200 | 468,157 | 547,085 | 888,994 |
| 1925 .. .. | 2,820,629 | 66,329 | 3,524,849 | 531,136 | 812,900 | 1,187,532 | 605,257 |
| 1926 .. .. | 2,257,802 | 46,347 | 1,585,096 | 77,894 | 72,752 | 138,592 | 719,078 |
| 1927 .. .. | 2,052,225 | 57,996 | 1,641,559 | 52,861 | 80,010 | 32,880 | 883,259 |
| 1928 .. .. | 2,563,221 | 71,769 | 1,828,077 | 189,435 | 471,740 | 68,162 | 641,162 |
| 1929 .. .. | 2,678,328 | 83,264 | 1,576,531 | 39,838 | 415,725 | 47,553 | 729,169 |
| 1930 .. .. | 2,755,604 | 41,532 | 2,110,422 | 13,354 | 19,708 | 32,857 | 732,974 |
| 1931 .. .. | 2,194,682 | 49,201 | 926,552 | 18,155 | 83,802 | 71,035 | 644,706 |
| 1932 .. .. | 924,302 | 33,474 | 491,481 | 39,023 | 248,126 | 26,236 | 592,374 |
| 1933 .. .. | 1,545,511 | 57,388 | 3,298,611 | 49,677 | 305,965 | 25,937 | 709,041 |
| 1934 .. .. † | 1,713,319 | 41,329 | 3,229,879 | 69,178* | 143,941 | 24,865 | 617,732 |
| 1935 .. .. | 1,633,888 | 48,036 | 1,222,517 | 43,854* | 11,230 | 30,088 | 702,840 |
| 1936 .. .. | 2,153,096 | 34,789 | 3,329,916 | 52,145* | 85,023 | 46,884 | 655,634 |
| 1937 .. .. | 1,779,985 | 38,033 | 2,086,453 | 53,742* | 250,228 | 50,131 | 623,774 |
| 1938 .. .. | 1,535,838 | 33,350 | 3,334,933 | 46,674* | 83,175 | 40,738 | 549,023 |
| 1939 .. .. | 1,619,859 | 51,477 | 2,593,561 | 42,988* | 45,114 | 45,962 | 770,253 |
| 1940 .. .. | 1,368,584 | 17,626 | 2,063,025 | 96,737* | 31,389 | 44,005 | 553,826 |
| 1941 .. .. | 704,383 | 32,253 | 2,291,457 | 34,227* | 45,067 | 83,287 | 263,262 |
| 1942 .. .. | 280,316 | 16,711 | 2,619,082 | 16,731* | 161,737 | 2,537 | 254,308 |
| 1943 .. .. | 205,336 | 9,519 | 494,101 | 13,295* | 1 3,013 | 211 | 101,126 |
| 1944 .. .. | 192,876 | 21,388 | 1,073,870 | 3,249* | 17,504 | .. | 89,456 |
| 1945 .. .. | 217,646 | 15,931 | 2,199,316 | 6,771* | 51,073 | .. | 307,178 |
| 1946 .. .. | 536,719 | 19,169 | 1,015,356 | 629* | 45,644 | .. | 328,948 |
| 1947 .. .. | 890,176 | 29,223 | 724,990 | .. | 27,031 | ‡ | 175,556 |

* Inclusive of Mustard Seed. † Includes Cotton exported to Calcutta and Coast Ports. ‡ Not available.

*STATEMENT showing the Exports from Bombay by Sea of Indian Manufactured Cotton Piecegoods and Yarns since* 1908.

| Year ending 31st December | Grey and White Piecegoods. | | | Coloured Piecegoods. | | Total Piecegoods. | | | Yarns. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Packages. | Yards. | Lbs. | Packages. | Yards. | Packages. | Yards | Lbs. | Bales. | Lbs. |
| 1908 .. .. | 120,300 | 215,698,687 | 60,862,003 | 30,997 | 50,792,342 | 151,297 | 266,491,029 | 66,622,757 | 598,621 | 234,484,640 |
| 1909 .. .. | 141,920 | 252,992,500 | 70,093,139 | 39,326 | 66,751,717 | 181,246 | 319,744,217 | 79,936,054 | 636,329 | 252,460,745 |
| 1910 .. .. | 136,972 | 250,439,940 | 68,312,314 | 45,333 | 75,673,845 | 182,305 | 326,163,785 | 81,540,946 | 565,999 | 223,758,970 |
| 1911 .. .. | 122,601 | 224,438,698 | 63,524,949 | 54,000 | 89,411,376 | 176,601 | 313,850,074 | 78,462,518 | 403,214 | 158,582,640 |
| 1912 .. .. | 126,681 | 231,976,527 | 66,009,051 | 64,169 | 107,289,928 | 190,850 | 339,266,455 | 84,816,614 | 579,281 | 228,759,617 |
| 1913 .. .. | 97,005 | 177,239,570 | 50,527,978 | 55,071 | 92,467,657 | 152,076 | 269,707,227 | 67,426,807 | 518,230 | 205,207,962 |
| 1914 .. .. | 91,837 | 169,515,937 | 49,361,518 | 42,084 | 72,602,270 | 133,921 | 242,118,207 | 60,529,552 | 437,159 | 173,172,953 |
| 1915 .. .. | 103,956 | 199,908,079 | 58,350,926 | 61,045 | 103,038,333 | 170,001 | 303,006,412 | 75,751,603 | 471,395 | 186,585,698 |
| 1916 .. .. | 175,923 | 248,326,445 | 70,956,464 | 82,818 | 139,616,532 | 258,741 | 387,942,977 | 96,985,744 | 410,972 | 162,627,300 |
| 1917 .. .. | 111,845 | 176,934,869 | 46,119,953 | 86,909 | 148,290,803 | 198,754 | 325,225,672 | 81,306,418 | 373,187 | 147,167,250 |
| 1918 .. .. | 94,071 | 153,463,774 | 40,025,958 | 71,424 | 126,063,308 | 165,495 | 279,527,082 | 69,881,770 | 193,275 | 75,599,059 |
| 1919 .. .. | 132,112 | 219,343,388 | 56,536,165 | 116,313 | 202,286,577 | 248,425 | 421,629,965 | 105,407,491 | 372,212 | 146,832,081 |
| 1920 .. .. | 149,552 | 241,230,910 | 61,482,863 | 157,042 | 120,332,112 | 306,594 | 361,563,022 | 90,390,755 | 288,778 | 118,351,902 |
| 1921 .. .. | 120,739 | 212,563,435 | 53,577,720 | 99,518 | 159,572,347 | 220,257 | 372,135,782 | 93,033,945 | 314,330 | 124,310,163 |
| 1922 .. .. | 138,769 | 254,292,354 | 65,928,239 | 100,581 | 176,411,422 | 239,350 | 430,703,776 | 107,675,914 | 267,711 | 105,122,885 |
| 1923 .. .. | 173,381 | 304,497,408 | 69,452,982 | 110,243 | 180,990,710 | 283,624 | 485,488,118 | 121,372,029 | 215,036 | 83,657,151 |
| 1924 .. .. | 177,950 | 320,087,971 | 75,6o7,413 | 103,999 | 169,055,231 | 281,949 | 489,143,202 | 122,285,800 | 175,175 | 67,861,329 |
| 1925 .. .. | 133,458 | 233,217,232 | 55,688,235 | 96,447 | 158,069,128 | 229,905 | 391,286,360 | 97,821,590 | 176,210 | 67,892,155 |
| 1926 .. .. | 119,331 | 210,752,239 | 50,243,116 | 112,795 | 180,075,412 | 232,126 | 390,827,651 | 97,706,912 | 175,869 | 67,786,883 |
| 1927 .. .. | 130,963 | 229,773,883 | 55,215,566 | 118,474 | 196,438,974 | 249,437 | 426,212,857 | 106,553,214 | 156,999 | 60,555,498 |
| 1928 .. .. | 100,699 | 177,282,508 | 34,777,044 | 97,936 | 157,677,505 | 198,635 | 334,960,013 | 83,740,003 | 102,954 | 40,816,700 |
| 1929 .. .. | 106,748 | 193,179,168 | 38,635,833 | 82,351 | 147,586,666 | 189,099 | 340,765,834 | 85,191,458 | 125,577 | 54,361,428 |
| 1930 .. .. | 136,281 | 241,220,836 | 48,964,399 | 75,555 | 122,465,715 | 211,836 | 363,686,551 | 90,921,637 | 126,006 | 50,490,540 |
| 1931 .. .. | 192,578 | 342,654,885 | 68,686,328 | 80,346 | 127,129,785 | 272,924 | 469,784,670 | 117,446,167 | 142,236 | 65,666,253 |
| 1932 .. .. | 294,483 | 794,303,908 | 106,795,020 | 72,177 | 108,236,606 | 366,660 | 902,540,514 | 225,635,128 | 122,156 | 46,294,310 |
| 1933 .. .. | 200,259 | 300,535,659 | 78,065,873 | 58,052 | 87,899,698 | 267,311 | 478,435,357 | 119,608,839 | 112,059 | 43,557,629 |
| 1934 .. .. | 229,024 | 414,324,303 | 86,762,142 | 65,728 | 94,046,841 | 294,752 | 508,371,144 | 127,092,786 | 94,853 | 37,126,195 |
| 1935 .. .. | 216,300 | 383,877,416 | 76,775,483 | 55,416 | 81,771,947 | 271,716 | 465,649,363 | 116,412,340 | 88,088 | 34,626,637 |
| 1936 .. .. | 243,834 | 442,916,172 | 88,583,234 | 58,167 | 84,883,124 | 302,001 | 527,799,296 | 131,949,824 | 80 995 | 31,337,340 |
| 1937 .. .. | 263,665 | 406,706,851 | 81,341,332 | 98,229 | 105,542,821 | 361,894 | 512,249,672 | 128,062,418 | 99,726 | 33,158,260 |
| 1938 .. .. | 222,819 | 497,943,219 | 99,588,644 | 68,733 | 90,598,779 | 291,552 | 588,541,998 | 147,135,499 | 133,719 | 53,845,533 |
| 1939 .. .. | 214,894 | 402,959,694 | 80,591,939 | 74,921 | 89,945,061 | 289,815 | 492,904,755 | 123,226,189 | 101,524 | 39,757,666 |
| 1940 .. .. | 201,513 | 302,405,778 | 60,481,156 | 115,362 | 160,859,627 | 316,875 | 463,265,405 | 115,816,351 | 94,721 | 35,675,019 |
| 1941 .. .. | 296,697 | 419,784,283 | 83,956,857 | 226,989 | 324,513,230 | 523,686 | 744,297,513 | 186,074,378 | 158,184 | 61,449,881 |
| 1942 .. .. | 390,241 | 552,134,680 | 110,426,936 | 290,590 | 417,484,050 | 680,831 | 969,618,730 | 242,404,682 | 150,350 | 55,111,582 |
| 1943 .. .. | 304,381 | 431,793,523 | 86,358,704 | 139,402 | 191,003,543 | 443,783 | 622,797,006 | 155,699,266 | 50,543 | 18,203,572 |
| 1944 .. .. | 330,102 | 482,532,063 | 96,506,413 | 140,275 | 195,084,649 | 470,377 | 677,616,712 | 169,404,178 | 68,171 | 23,532,517 |
| 1945 .. .. | 283,749 | 380,325,802 | 76,065,160 | 148,690 | 193,149,075 | 432,439 | 573,474,877 | 143,368,719 | 42,982 | 17,393,136 |
| 1946 .. .. | 212,036 | 273,513,238 | 54,702,647 | 121,971 | 147,803,721 | 334,007 | 421,316,959 | 105,329,239 | 21,740 | 8,561,509 |
| 1947 .. .. | 128,642 | 158,699,292 | 31,739,858 | 90,565 | 107,142,182 | 219,207 | 265,841,474 | 66,460,368 | 4,382 | 1,860,457 |

*Foreign Countries to which Cotton Grey and White Piecegoods of Indian manufacture have been exported from Bombay by Sea since* 1941. (*Year ending* 31*st December.*)

In lakhs of yards (000's omitted.)

| To | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 |
|---|---|---|---|---|---|---|---|
| United Kingdom | 149.98 | 58.37 | .. | .. | .. | .. | .. |
| Turkey in Europe | .. | 16.54 | 124.76 | 189.36 | 77.75 | 12.16 | 9.99 |
| Other European Countries | 0.36 | .. | .. | .. | 0.03 | 0.60 | 1.50 |
| America | 30.46 | 15.56 | .. | .. | .. | .. | .. |
| Burma | 537.55 | 2.60 | .. | .. | .. | 64.58 | 44.86 |
| Ceylon | 90.78 | 31.23 | 46.47 | 74.32 | 58.14 | 27.90 | 32.13 |
| China (including Hongkong) | 2.02 | .. | .. | .. | .. | 25.81 | 17.09 |
| Straits Settlements | 293.85 | .. | .. | .. | .. | 34.72 | 38.31 |
| Iran | 0.56 | 222.58 | 30.15 | 46.37 | 18.55 | 75.46 | 28.71 |
| Iraq | 40.44 | 353.00 | 111.93 | 138.72 | 165.49 | 88.68 | 70.44 |
| Arabia | 19.09 | 197.56 | 91.09 | 110.16 | 122.02 | 89.14 | 61.63 |
| Turkey (Asiatic) | .. | 141.97 | 112.95 | .. | .. | .. | 1.09 |
| Palestine | 110.13 | 273.86 | 18.98 | 65.81 | 25.46 | 24.36 | 2.39 |
| Syria | 17.73 | 141.06 | 8.09 | 0.07 | 23.22 | 30.91 | 3.70 |
| Cyprus | 10.34 | 4.85 | 11.68 | 10.76 | 11.21 | 10.01 | 2.79 |
| Aden | 87.96 | 366.51 | 339.26 | 375.23 | 404.52 | 144.04 | 95.50 |
| Madagascar | .. | .. | 59.73 | 78.53 | 71.91 | 13.15 | .. |
| Mauritius, Seychelles and Reunion | 20.53 | 16.85 | 58.19 | 22.55 | 15.11 | 36.40 | 20.95 |
| British East Africa | 565.95 | 333.46 | 339.31 | 333.72 | 382.02 | 237.95 | 141.82 |
| Portuguese East Africa | 82.18 | 56.76 | 18.92 | 9.23 | 5.77 | 6.46 | 1.54 |
| African Red Sea Ports | 89.96 | 571.80 | 590.69 | 608.54 | 733.58 | 502.05 | 60.23 |
| South Africa | 212.91 | 260.17 | 244.58 | 224.48 | 159.31 | 84.74 | 26.38 |
| Egypt | 261.41 | 216.77 | 29.97 | 0.02 | 24.17 | 5.02 | 108.67 |
| North Africa (excluding Egypt) | .. | 4.47 | 45.74 | 18.74 | 17.28 | 9.99 | 1.08 |
| West Africa | 280.27 | 565.23 | 489.05 | 204.43 | 311.47 | 253.43 | 126.37 |
| Australasia | 229.80 | 843.02 | 374.47 | 240.78 | 259.94 | 238.59 | 161.93 |
| Sumatra and Borneo | 68.93 | 80.93 | .. | .. | .. | 8.53 | .. |
| British Malaya | 26.00 | .. | .. | .. | .. | 0.82 | 0.19 |
| East Indies and Philippines | 0.57 | 0.61 | .. | .. | .. | .. | 4.73 |
| Other Foreign Countries | 9.61 | 4.14 | 11.21 | 5.18 | 8.79 | 15.95 | 4.58 |
| Total Grey and White Piecegoods | 3,239.37 | 4,779.90 | 3,157.22 | 2,757.00 | 2,895.74 | 2,041.45 | 1,068.60 |

*Foreign Countries to which Indian Cotton Yarn have been exported from Bombay by Sea since* 1941.

(*Year ending* 31*st December.*)

In lakhs of lbs. (000's omitted.)

| To | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 |
|---|---|---|---|---|---|---|---|
| United Kingdom .. .. .. .. | 33.09 | .. | .. | .. | .. | .. | .. |
| Turkey in Europe .. .. .. .. | 0.30 | 3.27 | 34.27 | 12.69 | 12.50 | 14.55 | .. |
| Other European Countries .. .. .. | 0.06 | .. | .. | .. | .. | .. | .. |
| America .. .. .. .. .. .. | .. | 0.23 | .. | .. | .. | .. | .. |
| Burma .. .. .. .. .. .. | 158.10 | 1.64 | .. | .. | .. | .. | .. |
| Ceylon .. .. .. .. .. .. | 0.97 | 0.61 | 0.48 | 0.51 | .. | 0.09 | 0.02 |
| China (Including Hongkong) .. .. .. | 27.72 | .. | .. | .. | .. | .. | .. |
| Straits Settlements .. .. .. .. | 38.45 | .. | .. | .. | .. | .. | .. |
| Iran .. .. .. .. .. .. | .. | 3.77 | 0.87 | .. | .. | .. | .. |
| Iraq .. .. .. .. .. .. | 15.19 | 19.64 | 2.82 | 3.18 | 9.36 | 3.22 | .. |
| Arabia .. .. .. .. .. .. | 4.51 | 4.71 | 0.57 | 0.81 | .. | 0.78 | 0.46 |
| Turkey (Asiatic) .. .. .. .. | 0.35 | 24.26 | 4.02 | .. | .. | .. | .. |
| Palestine .. .. .. .. .. | 27.57 | 43.10 | 30.66 | 45.94 | 22.28 | 3.52 | .. |
| Syria .. .. .. .. .. .. | 6.25 | 82.95 | 4.77 | 4.84 | 6.14 | 2.52 | 0.30 |
| Cyprus .. .. .. .. .. .. | 4.09 | 4.47 | 4.41 | 5.48 | 4.48 | 1.21 | .. |
| Aden .. .. .. .. .. .. | 72.83 | 69.47 | 6.56 | 27.97 | 9.55 | 0.58 | 0.03 |
| Madagascar .. .. .. .. .. | .. | .. | .. | .. | .. | .. | .. |
| Mauritius, Seychelles and Reunion .. .. | .. | .. | .. | .. | .. | .. | .. |
| British East Africa .. .. .. .. | 2.80 | 1.25 | 0.16 | 0.02 | .. | .. | .. |
| Portuguese East Africa .. .. .. | 1.42 | 1.34 | .. | .. | .. | .. | .. |
| African Red Sea Ports .. .. .. | 9.13 | 21.26 | 0.11 | 2.78 | 30.20 | 16.14 | 0.38 |
| South Africa .. .. .. .. .. | 32.84 | 47.89 | 28.09 | 10.91 | 4.21 | 1.85 | .. |
| Egypt .. .. .. .. .. .. | 39.40 | 14.85 | 0.75 | 0.40 | 3.87 | 0.15 | .. |
| North Africa (Excluding Egypt) .. .. | .. | .. | .. | .. | .. | .. | .. |
| West Africa .. .. .. .. .. | 0.77 | 5.08 | 2.02 | 1.73 | 1.83 | 2.14 | .. |
| Australasia .. .. .. .. .. | 7.84 | 32.01 | 5.52 | 6.64 | 0.67 | .. | .. |
| Sumatra and Borneo .. .. .. .. | 74.22 | 97.15 | .. | .. | .. | .. | .. |
| British Malaya .. .. .. .. .. | 0.06 | .. | .. | .. | .. | .. | .. |
| East Indies and Philippines .. .. .. | 4.80 | 6.28 | .. | .. | .. | .. | .. |
| Other Foreign Countries .. .. .. | 0.88 | .. | .. | .. | .. | .. | .. |
| Total Yarns .. | 563.64 | 485.23 | 126.08 | 123.90 | 105.09 | 46.75 | 1.19 |

## COAL.

### *Imports of Coal into Bombay by Sea and Rail.*

The following return of the Imports of Coal into Bombay by Sea and Rail in the years 1941 to 1947 is printed for the information of members :—

| From | 1941. | 1942. | 1943. | 1944. | 1945. | 1946. | 1947. |
|---|---|---|---|---|---|---|---|
| *By Sea.* | Tons. | Tons. | Tons. | Tons. | Tons | Tons. | Tons. |
| Europe .. .. | 400 | .. | .. | .. | .. | .. | 200 |
| Australia .. | .. | .. | .. | .. | .. | .. | .. |
| Japan .. .. | .. | .. | .. | .. | .. | .. | .. |
| Africa .. .. | 1,090 | 5,850 | .. | .. | .. | .. | .. |
| Other Foreign Countries .. | .. | .. | .. | .. | .. | .. | .. |
| Indian Ports .. | 3,495 | 35,605 | 33,322 | 4,055 | 153,017 | 160,088 | 172,588 |
| Total—By Sea. | 4,085 | 41,455 | 33,322 | 4,055 | 153,017 | 160,088 | 172,788 |
| Total—By Rail. | 769,230 | 786,227 | 587,351 | 514,412 | 282,829 | 282,232 | 268,845 |
| Grand Total .. | 774,215 | 827,682 | 620,673 | 519,307 | 430,746 | 442,320 | 441,033 |

## COTTON TRADE DURING 1946-47.

The end of India's second post-war cotton season 1946-47 on 31st August 1947 almost coincided with the division of the country into two independent sovereign States, viz., India and Pakistan. The birth of freedom was heralded in some parts of the country with great rejoicings and celebrations but the unhappy Punjab which is a great cotton producing province experienced the worst form of communal disturbances accompanied with acts of barbarity and abounding destruction of life and property. The migration of population from one dominion to the other on an unprecedented scale took place during August and the subsequent few months, upsetting the entire economy of both dominions.

The season began with the continuation of war-time controls, such as Production, Export, and Exchange Controls. The steep decline in mill consumption, labour unrest, and the various Government announcements regarding export policy were other features of the season.

A comparison with the all-India and Pakistan Supply and Distribution figures (Trade Estimates) with last year's figures shows the following diversion :

(*a*) An increase in production by nearly 300,000 bales.

(*b*) A large decrease in mill consumption by about 730,000 bales.

(*c*) A moderate increase in exports by about 80,000 bales.

(*d*) An increase of over 100,000 bales in carry-over, mainly due to the precipitous fall in mill consumption.

The Bombay Port statistics reveal the following picture :

| | | *Compared with* 1945-46 |
|---|---|---|
| | Bales. | Bales. |
| Stock on 1-9-1946 as estimated by the E.I.C.A. Ltd. .. .. | 1,364,773 | +195,585 |
| Arrivals by rail and sea during the year ending 31-8-1947. .. | 1,985,166 | —538,358 |
| Arrivals by road .. .. .. | 4,925 | — 3,188 |
| Total .. | 3,354,864 | —345,961 |

Exports during the year ending 31-8-1947 :

| | | *Compared with* 1945-46 |
|---|---|---|
| | Bales. | Bales. |
| United Kingdom .. .. .. | 40,761 | + 2,087 |
| Continent .. .. .. .. | 187,319 | +115,084 |
| U.S.A. .. .. .. .. | 3,514 | — 12,489 |
| China .. .. .. .. | 201,517 | — 80,739 |
| Other Foreign Countries .. | 13,555 | — 59,437 |
| Indian Ports .. .. .. | 55,048 | |
| | 501,714 | — 35,494 |
| Exports by Rail .. .. .. | 456,548 | + 56,169 |
| | 958,262 | + 20,675 |
| Bombay Mill Consumption .. | 1,127,064 | —235,422 |
| | 2,085,326 | —214,747 |
| Estimated carry-over on 31-8-1947 | 1,269,538 | —131,214 |
| Total .. | 3,354,864 | —345,961 |

*Acreage and Production of India and Pakistan.*—The final cotton acreage for 1946-47 was again small as in the previous season, i.e., 14,608,000 acres and the final production according to Trade Estimates was 4,212,000 bales. This compares with :

| | | |
|---|---|---|
| 3,931,000 | bales during | 1945-46 (about 6 per cent. increase). |
| 3,915,000 | ,, ,, | 1944-45 (lowest in last 15 years). |
| 6,986,000 | ,, ,, | 1936-37 (highest in last 15 years). |

The successive reduction in cotton acreage for the last three years (i.e., 1944-45 to 1946-47) was due to the continuance of the Government of India's policy to grow more food at the expense of cotton, particularly short staples, and, therefore, the acreage for cotton was controlled for 1946-47 also. But the Government did not succeed in their main objective and had to import considerable quantities of food from abroad. A slight increase of 6 per cent. in the total production was mainly due to better yields.

*Exports* from Bombay Port were slightly lower than the previous season's and the all-India exports of total 11¼ lakhs were short of Government of India's export target by 3,75,000 bales. This reduction was mainly due to the Government's export policy, especially till June 1947 inasmuch as in their endeavour to fight inflation they rigorously controlled exports for the major part of the season. The various announcements made every quarter, being belated, were often complicated and unnecessarily cum-

bersome. These and other restrictions prevented the free flow of exports in the earlier months of the season, although the demand for our cotton from abroad was there.

On 14th August 1946 the Government of India permitted exports of 200,000 bales but restricted the same to 11/16" staples or lower comprising Bengal, Sind Deshi, Mattia, Dhollerah, Red Coconada, Comilla and Assam cottons. This quota was exclusive of 300,000 bales to be exported to Japan on a Government-to-Government basis. But delay was caused in releasing details about the destinations and shippers' quotas.

In October 1946, a five-point export programme was announced. September-December private export quota remained the same and quotas of 500,000 bales short staples each for January to April and May to August were announced. Floor prices of Jarilla ⅞" were raised by Rs. 80 per candy and *pro rata* for all other varieties. Ceiling prices remained unchanged. An export duty of Rs. 20 per bale was imposed with immediate effect. Qualitative restrictions and destinational quotas were to remain in force.

On 21st December 1946 the Government released the January-April 1947 quota of 500,000 bales, all confined to short-staple cotton.

On 30th January Government liberalized its export policy in response to trade criticism. Out of 5 lakhs of bales of the January-April quota, 250,000 bales short staples; 100,000 bales medium staples consisting of Jarilla and 4F., and 150,000 bales long staples comprising L.S.S. and N.T. were to be allowed for export.

On 25th March the Government further enlarged the scope of exports by increasing the final quota for May-August to 800,000 bales whereof short staples of all varieties to the extent of 300,000 bales; medium staples comprising 4F., Jarilla, Broach and Westerns to the extent of 250,000 bales and long staples of equal quantity consisting of N.T., LSS., and Surat styles were allowed.

Destination quotas had meanwhile been abolished and shippers were allowed to sell and ship to any destination to the extent of the quotas held by them.

On the 9th of June the Government of India announced the temporary abolition of all export restrictions on cotton for the remaining period of the season till 31st August 1947. This relaxation as to quality and quantity, though it came very late in the season, was welcomed by the trade.

*Mill consumption* of Indian raw cotton in India and Pakistan during the season with only 3,229,000 bales was disappointing;

compared with 3,959,000 bales for 1945-46 the reduction works out to 18 per cent. The main causes of this steep decline are the following :

(*a*) Reduction in the working hours per shift, from 9 to 8 hours per day from August 1946. This alone accounted for 10 per cent. to 12 per cent. loss in production.

(*b*) Time lost through *hartals* and strikes.

(*c*) Absenteeism and " go-slow " tactics of labour.

(*d*) Last but not least—over-worked machinery and the general switch over in production to better paying finer counts.

The consumption of foreign cotton constituted a record with a total of 708,000 bales (of 400 lbs.) which comprised Egyptians, Sudan and East Africans, etc.

*Price Movement.*—The futures market had a chequered career throughout the season. It fluctuated between the season's high of Rs. 509 (on 17th December) and the statutory floor of Rs. 430 (24-2-47). Four out of the season's five hedge contracts touched the floor. The season's high with I.C.C. September 1947 at Rs. 509 was reached in December 1946.

In January prices receded considerably because of the very small quantity of medium and long staples allowed for export. I.C.C. January 1947 closed at Rs. 440 on 25-1-1947.

In February I.C.C. March attracted heavier hedge and speculative sales owing to large accumulation of stocks at ports and grounded at the floor of Rs. 430 on 24th.

In March our hedge contracts again became the target of attack and reached the floor on 14th March, i.e., six weeks before the tender period. However, the general outlook had changed for the better towards the end of the month in view of the passing of the peak of crop movement and a certain liberalisation of exports.

In April and May the price situation again deteriorated, as despite increased exports stocks continued to accumulate.

In June the tide turned due to absence of rain in the cotton growing parts and a broadening of Government's export policy. These bullish news infused life into July and September positions and lively trading both in ready and forward was witnessed. but renewed selling pressure came on I.C.C. September during July and August as owing to liberal arbitration results and the indifferent quality of the season's Jarilla crop, buyers wished to get out of their commitments before the delivery period.

The following table gives details of arrivals into Bombay by Sea and Rail (arrivals by Road are not included) during the season with the total of the five previous years. (Actual weight converted into Bales of 3½ cwts. in each, after allowing 2 per cent. for tare in the case of receipts by rail.) Season ending 31st August in each case :—

| Varieties. | 1946-47. | 1945-46. | 1944-45. | 1943-44. | 1942-43. | 1941-42. |
|---|---|---|---|---|---|---|
| | Bales. | Bales. | Bales. | Bales. | Bales. | Bales. |
| Khandeish .. .. .. .. | 43,306 | 66,620 | 50,147 | 61,592 | 117,165 | 88,592 |
| Central India .. .. .. .. | 56,167 | 71,885 | 33,656 | 59,783 | 55,637 | 31,284 |
| Barsi Nugger .. .. .. .. | 112,928 | 103,983 | 77,743 | 50,934 | 42,142 | 55,617 |
| Hyderabad Gaorani .. .. .. | 34,109 | 35,075 | 27,925 | 15,259 | 21,369 | 19,245 |
| Berar .. .. .. .. | 203,855 | 289,954 | 235,529 | 257,393 | 207,968 | 179,814 |
| Central Provinces .. .. .. | 51,144 | 62,812 | 55,008 | 51,048 | 34,409 | 87,565 |
| Dhollera .. .. .. .. | 114,348 | 348,726 | 124,056 | 70,051 | 36,897 | 34,332 |
| North-west Provinces .. .. | [c] 1,382 | 4,823 | 742 | 811 | 1,377 | 1,425 |
| Rajputana .. .. .. .. | 31,283 | 35,689 | 3,946 | 1,082 | 44 | 470 |
| Sind Punjab .. .. .. .. | 411,866 | 501,667 | 558,471 | 410,414 | 779,428 | 448,957 |
| Broach .. .. .. .. | 229,401 | 198,737 | 161,742 | 334,624 | 126,986 | 321,774 |
| Compta-Dharwars .. .. .. | 21,961 | 52,369 | 84,193 | 41,322 | 89,597 | 54,332 |
| Westerns/Northerns .. .. .. | 26,963 | 66,749 | 82,526 | 11,238 | 23,082 | 48,003 |
| Cocanada .. .. .. .. | .... | .... | .... | .... | .... | .... |
| Tinnevelly and Cambodia .. .. | 4,240 | 10,776 | 13,674 | 1,208 | 15,587 | 21,873 |
| Soudan .. .. .. .. | 59,508 | 209,118 | 90,470 | 82,466 | 37,405 | 144,401 |
| Americans .. .. .. .. | 70,316 | 40,423 | 13,339 | .... | .... | .... |
| Egyptians (other than Soudan) .. | 296,364 | 153,357 | 284,702 | 238,439 | 330,716 | [c] 117,329 |
| Africans, East .. .. .. .. | 212,815 | 250,206 | 149,107 | 188,118 | 134,578 | 296,871 |
| Comilla, Burmah and other Sorts .. | ‡ 3,210 | ¶ 20,555 | ¶ 4,109 | ** 2,712 | * 1,084 | † 11,426 |
| Total .. | 1,985,166 | 2,523,524 | 2,051,035 | 1,878,494 | 2,055,471 | 1,963,810 |

** Including 211 bales from Shalimar and 2,437 bales from Afghanistan.
* Including 507 bales from Shalimar.
† Including 51 bales from Iran, 825 from Iraq and 698 bales from Shalimar.
‡ Consisting of 3,185 of Afghan cotton and 25 bales Calcutta cotton.
¶ Afghan cotton.

*The following table gives the Actual Clearances of Cotton by Sea from Bombay, to different Countries during the years ending 31st August from 1940-41 to 1946-47 :—*

| To | 1946-47 | 1945-46 | 1944-45 | 1943-44 | 1942-43 | 1941-42 | 1940-41 |
|---|---|---|---|---|---|---|---|
| | Bales. | Bales. | Bales. | Bales. | Bales. | Bales. | Bales. |
| United Kingdom .. .. .. .. | 40,761 | 38,674 | 27,598 | 42,143 | 51,938 | 213,100 | 97,325 |
| France .. .. .. .. .. .. | 27,885 | 9,996 | 12,000 | .. | .. | .. | .. |
| Belgium .. .. .. .. .. .. | 59,306 | 28,090 | 9,750 | .. | .. | .. | .. |
| Italy .. .. .. .. .. .. | 12,245 | 3,600 | .. | .. | .. | .. | .. |
| Holland .. .. .. .. .. .. | 5,659 | 2,060 | .. | .. | .. | .. | .. |
| Greece .. .. .. .. .. .. | .. | 299 | .. | .. | .. | .. | .. |
| Yugoslavia .. .. .. .. .. | .. | .. | .. | .. | .. | .. | .. |
| Norway .. .. .. .. .. .. | 83 | .. | .. | .. | .. | .. | .. |
| Sweden .. .. .. .. .. .. | 385 | 637 | .. | .. | .. | .. | .. |
| Spain .. .. .. .. .. .. | 67,346 | 23,190 | .. | .. | .. | .. | .. |
| Czechoslovakia .. .. .. .. | 7,190 | .. | .. | .. | .. | .. | .. |
| Bulgaria .. .. .. .. .. .. | .. | .. | .. | .. | .. | .. | .. |
| Switzerland .. .. .. .. .. | 4,145 | 4,070 | .. | .. | .. | .. | .. |
| Portugal .. .. .. .. .. | .. | .. | .. | 110 | .. | .. | 165 |
| Hungary .. .. .. .. .. | 3,075 | .. | .. | .. | .. | .. | .. |
| Denmark .. .. .. .. .. | .. | 293 | .. | .. | .. | .. | .. |
| United States of America .. .. .. | 3,514 | 15,512 | 3,619 | 11,597 | .. | 47,397 | 7,518 |
| Canada .. .. .. .. .. .. | 100 | 491 | 601 | 100 | .. | .. | .. |
| China (Including Indo-China) .. .. | 201,517 | 282,256 | .. | .. | .. | 3,034 | 236,103 |
| Japan .. .. .. .. .. .. | .. | .. | .. | .. | .. | 23,901 | 611,507 |
| Korea .. .. .. .. .. .. | .. | .. | .. | .. | .. | 5,332 | 59,052 |
| Australia .. .. .. .. .. .. | 6,405 | 3,073 | 1,820 | 7,032 | 2,234 | 14,481 | 15,718 |
| Java .. .. .. .. .. .. | .. | .. | .. | .. | .. | 600 | .. |
| Iraq .. .. .. .. .. .. | .. | 50 | .. | .. | 4,657 | .. | 178 |
| Iran .. .. .. .. .. .. | .. | .. | .. | 2,285 | 1,400 | .. | .. |
| Ceylon .. .. .. .. .. .. | 1,002 | 250 | 1,524 | 2,427 | 2,481 | 2,084 | 3,234 |
| Other Foreign Countries .. .. | 6,048 | 3,836 | 721 | 230 | 877 | 303 | 45 |
| Indian Ports .. .. .. .. .. | 55,048 | 120,831 | 110,257 | 123,799 | 95,353 | 57,692 | 16,899 |
| Total .. | 501,714 | 537,208 | 167,890 | 189,723 | 158,940 | 367,924 | 1,047,744 |

*Comparative Statement showing the Actual Clearance of Cotton from Bombay by Sea to different Countries during the Calendar Years* 1941 *to* 1947.

| | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 |
|---|---|---|---|---|---|---|---|
| | Bales. | Bales. | Bales. | Bales. | Bales. | Bales. | Bales. |
| United Kingdom .. .. .. .. | 51,835 | 20,126 | 41,239 | 46,550 | 52,838 | 174,776 | 102,085 |
| France .. .. .. .. .. .. | 47,368 | 496 | 21,500 | .. | .. | .. | .. |
| Belgium .. .. .. .. .. .. | 110,297 | 31,516 | 14,325 | .. | .. | .. | .. |
| Austria .. .. .. .. .. .. | 1,482 | .. | .. | .. | .. | .. | .. |
| Holland .. .. .. .. .. .. | 11,026 | 2,520 | .. | .. | .. | .. | .. |
| Denmark .. .. .. .. .. .. | .. | 293 | .. | .. | .. | .. | .. |
| Sweden .. .. .. .. .. .. | 440 | 637 | .. | .. | .. | .. | .. |
| Spain .. .. .. .. .. .. | 111,158 | 9,590 | 13,600 | .. | .. | .. | .. |
| Portugal .. .. .. .. .. | .. | .. | .. | 110 | .. | .. | 165 |
| Hungary .. .. .. .. .. | 3,825 | .. | .. | .. | .. | .. | .. |
| Italy .. .. .. .. .. .. | 33,111 | 3,710 | .. | .. | .. | .. | .. |
| Switzerland .. .. .. .. .. | 3,950 | 4,785 | 990 | .. | .. | .. | .. |
| Czechoslovakia .. .. .. .. .. | 7,690 | .. | .. | .. | .. | .. | .. |
| Yugoslavia .. .. .. .. .. | .. | .. | .. | .. | .. | .. | .. |
| Norway .. .. .. .. .. .. | 28 | 55 | .. | .. | .. | .. | .. |
| Greece .. .. .. .. .. .. | .. | 299 | .. | .. | .. | .. | .. |
| United States of America .. .. .. | 15,171 | 11,576 | 8,789 | 1,786 | 9,997 | 31,527 | 23,238 |
| Australia .. .. .. .. .. .. | 6,122 | 2,412 | 1,461 | 2,065 | 8,196 | 13,906 | 11,618 |
| Japan .. .. .. .. .. .. | 136,486 | .. | .. | .. | .. | .. | 364,103 |
| China .. .. .. .. .. .. | 268,233 | 353,901 | .. | .. | .. | .. | 146,126 |
| Korea .. .. .. .. .. .. | .. | .. | .. | .. | .. | .. | 34,208 |
| Ceylon .. .. .. .. .. .. | 202 | 1,250 | 1,006 | 2,605 | 2,821 | 1,884 | 2,958 |
| Iraq .. .. .. .. .. .. | .. | 50 | .. | .. | 4,557 | 100 | 163 |
| Burma .. .. .. .. .. .. | 20,525 | .. | .. | .. | .. | .. | .. |
| Iran .. .. .. .. .. .. | .. | .. | .. | 2,285 | 1,400 | .. | .. |
| Canada .. .. .. .. .. .. | 245 | 391 | 415 | 200 | .. | .. | .. |
| Other Foreign Countries .. .. | 3,023 | 2,826 | 1,721 | 110 | 741 | 1,159 | 154 |
| Indian Ports .. .. .. .. .. | 57,959 | 90,286 | 112,600 | 137,165 | 124,786 | 56,964 | 19,565 |
| Total .. | 890,176 | 536,719 | 217,646 | 192,876 | 205,336 | 280,316 | 704,383 |

# COTTON.

## RECEIPTS at, and Exports from, Bombay Port, also Mill Consumption in the Island of Bombay, since 1864.

### In thousands of Bales (000's omitted).

| Year ending 30th June. | Receipts. | Exports to | | | Mill Consumption. | Total. |
|---|---|---|---|---|---|---|
| | | Europe. | Elsewhere. | Total. | | |
| 1864 .. | .. | 867 | 3 | 870 | American War. In 1863 and 1864 Bombay imported Cotton from China. | |
| 1865 .. | .. | 1,065 | 1 | 1,066 | | |
| 1866 .. | .. | 1,187 | 14 | 1,201 | 42 | 1,243 |
| 1867 .. | .. | 1,277 | 5 | 1,282 | 46 | 1,328 |
| 1868 .. | .. | 1,030 | 48 | 1,078 | 47 | 1,125 |
| 1869 .. | .. | 1,225 | 56 | 1,281 | 48 | 1,329 |
| 1870 .. | .. | 1,115 | 50 | 1,165 | 49 | 1,214 |
| 1871 .. | .. | 967 | 39 | 1,006 | 50 | 1,056 |
| 1872 .. | 1,095 | 1,002 | 48 | 1,050 | 52 | 1,102 |
| 1873 .. | 1,151 | 1,079 | 34 | 1,113 | 53 | 1,166 |
| 1874 .. | 978 | 917 | 34 | 951 | 67 | 1,018 |
| 1875 .. | 1,311 | 1,192 | 25 | 1,217 | 83 | 1,300 |
| 1876 .. | 1,345 | 1,285 | 20 | 1,305 | 135 | 1,440 |
| 1877 .. | 1,073 | 980 | 35 | 1,015 | 147 | 1,162 |
| 1878 .. | 1,141 | 920 | 38 | 958 | 161 | 1,119 |
| 1879 .. | 861 | 800 | 46 | 846 | 204 | 1,050 |
| 1880 .. | 832 | 652 | 64 | 716 | 181 | 897 |
| 1881 .. | 1,171 | 874 | 34 | 908 | 220 | 1,128 |
| 1882 .. | 1,832 | 1,521 | 87 | 1,608 | 277 | 1,885 |
| 1883 .. | 1,770 | 1,335 | 95 | 1,430 | 313 | 1,743 |
| 1884 .. | 1,759 | 1,295 | 100 | 1,395 | 348 | 1,743 |
| 1885 .. | 1,139 | 791 | 70 | 861 | 392 | 1,253 |
| 1886 .. | 1,480 | 1,009 | 61 | 1,070 | 391 | 1,461 |
| 1887 .. | 1,703 | 1,147 | 40 | 1,187 | 454 | 1,641 |
| 1888 .. | 1,472 | 893 | 58 | 951 | 500 | 1,451 |
| 1889 .. | 1,851 | 1,286 | 46 | 1,332 | 565 | 1,897 |
| 1890 .. | 2,235 | 1,488 | 71 | 1,559 | 636 | 2,195 |
| 1891 .. | 2,020 | 1,070 | 107 | 1,177 | 762 | 1,939 |
| 1892 .. | 1,770 | 905 | 202 | 1,107 | 728 | 1,835 |
| 1893 .. | 1,738 | 816 | 169 | 985 | 724 | 1,709 |
| 1894 .. | 1,769 | 908 | 159 | 1,067 | 731 | 1,798 |
| 1895 .. | 1,540 | 525 | 143 | 668 | 815 | 1,483 |
| 1896 .. | 2,151 | 800 | 346 | 1,146 | 849 | 1,995 |
| 1897 .. | 1,612 | 603 | 405 | 1,008 | 703 | 1,711 |
| 1898 .. | 1,730 | 424 | 409 | 833 | 817 | 1,650 |
| 1899 .. | 2,033 | 578 | 520 | 1,098 | 951 | 2,049 |
| 1900 .. | 988 | 117 | 444 | 561 | 745 | 1,306 |
| 1901 .. | 1,896 | 620 | 340 | 960 | 696 | 1,656 |
| 1902 .. | 2,142 | 525 | 732 | 1,257 | 987 | 2,244 |
| 1903 .. | 2,454 | 921 | 349 | 1,270 | 986 | 2,256 |
| 1904 .. | 2,151 | 1,036 | 423 | 1,459 | 973 | 2,432 |
| 1905 .. | 2,609 | 384 | 664 | 1,048 | 1,072 | 2,120 |
| 1906 .. | 2,663 | 1,017 | 477 | 1,494 | 1,141 | 2,635 |
| 1907 .. | 2,949 | 1,169 | 747 | 1,916 | 1,116 | 3,032 |
| 1908 .. | 2,123 | 731 | 454 | 1,185 | 1,079 | 2,264 |
| 1909 .. | 2,166 | 643 | 723 | 1,366 | 1,099 | 2,465 |
| 1910 .. | 3,152 | 1,054 | 968 | 2,022 | 984 | 3,006 |
| 1911 .. | 2,467 | 1,014 | 668 | 1,682 | 953 | 2,635 |
| 1912 .. | 2,540 | 383 | 923 | 1,306 | 1,078 | 2,384 |

RECEIPTS at, and Exports from, Bombay Port, also Mill Consumption in the Island of Bombay, since 1864.
In thousands of Bales (000's omitted)—*contd.*

| Year ending 31st August. | Receipts. | | Total Receipts. | Exports. | | | Total Exports. | Mill Consumption. | Total. |
|---|---|---|---|---|---|---|---|---|---|
| | Indian Ports. | Foreign Countries | | Europe. | China and Japan. | Elsewhere. | | | |
| 1913 .. .. | 2,733 | 46 | 2,779 | 534 | 1,023 | 30 | 1,587 | *1,072 | 2,659 |
| 1914 .. .. | 3,733 | 6 | 3,739 | 1,301 | 1,245 | 24 | 2,570 | 1,078 | 3,648 |
| 1915 .. .. | 2,683 | 5 | 2,688 | 405 | 1,441 | 15 | 1,861 | 1,026 | 2,887 |
| 1916 .. .. | 3,133 | 6 | 3,139 | 294 | 1,691 | 8 | 1,993 | 1,096 | 3,089 |
| 1917 .. .. | 3,103 | 17 | 3,120 | 302 | 1,321 | 7 | 1,630 | 1,135 | 2,765 |
| 1918 .. .. | 2,279 | 27 | 2,306 | 293 | 1,213 | 7 | 1,513 | 1,068 | 2,581 |
| 1919 .. .. | 2,525 | 18 | 2,543 | 195 | 885 | 11 | 1,091 | 1,000 | 2,091 |
| 1920 .. .. | 3,405 | 22 | 3,427 | 629 | 1,579 | 24 | 2,232 | 957 | 3,189 |
| 1921 .. .. | 2,786 | 116 | 2,902 | 494 | 1,381 | 26 | 1,901 | 1,061 | 2,962 |
| 1922 .. .. | 3,383 | 109 | 3,492 | 645 | 1,896 | 52 | 2,593 | 1,074 | 3,667 |
| 1923 .. .. | 3,611 | 61 | 3,672 | 851 | 2,086 | 53 | 2,990 | 1,060 | 4,050 |
| 1924 .. .. | 3,227 | 93 | 3,320 | 1,104 | 1,558 | 53 | 2,715 | 821 | 3,536 |
| 1925 .. .. | 3,573 | 95 | 3,668 | 713 | 2,021 | 33 | 2,767 | 995 | 3,762 |
| 1926 .. .. | 3,208 | 127 | 3,335 | 552 | 1,874 | 26 | 2,452 | 778 | 3,230 |
| 1927 .. .. | 2,692 | 474 | 3,166 | 419 | 1,539 | 27 | 1,985 | 995 | 2,980 |
| 1928 .. .. | 3,235 | 189 | 3,424 | 798 | 1,391 | 34 | 2,223 | 569 | 2,792 |
| 1929 .. .. | 3,233 | 123 | 3,356 | 906 | 1,796 | 61 | 2,763 | 631 | 3,394 |
| 1930 .. .. | 3,317 | 163 | 3,480 | 946 | 1,647 | 63 | 2,656 | 877 | 3,533 |
| 1931 .. .. | 2,933 | 470 | 3,403 | 599 | 1,903 | 27 | 2,529 | 839 | 3,368 |
| 1932 .. .. | 1,557 | 538 | 2,095 | 154 | 762 | 38 | 954 | 921 | 1,875 |
| 1933 .. .. | 2,286 | 249 | 2,535 | 426 | 1,200 | 30 | 1,656 | 798 | 2,454 |
| 1934 .. .. | 2,293 | 223 | 2,516 | 396 | 1,136 | 23 | 1,555 | 613 | 2,168 |
| 1935 .. .. | 2,031 | 471 | 2,502 | 413 | 1,171 | 34 | 1,618 | 885 | 2,503 |
| 1936 .. .. | 2,877 | 293 | 3,170 | 516 | 1,464 | 34 | 2,014 | 836 | 2,850 |
| 1937 .. .. | 2,643 | 486 | 3,129 | 487 | 1,591 | 53 | 2,131 | 828 | 2,959 |
| 1938 .. .. | 1,825 | 728 | 2,553 | 354 | 803 | 64 | 1,221 | 1,037 | 2,258 |
| 1939 .. .. | 1,953 | 401 | 2,354 | 323 | 1,401 | 37 | 1,761 | 987 | 2,748 |
| 1940 .. .. | 1,763 | 485 | 2,248 | 284 | 937 | 62 | 1,283 | 813 | 2,096 |
| 1941 .. .. | 2,167 | 670 | 2,837 | 97 | 907 | 44 | 1,048 | 1,148 | 2,196 |
| 1942 .. .. | 1,394 | 570 | 1,964 | 213 | 32 | 123 | 368 | 1,310 | 1,678 |
| 1943 .. .. | 1,551 | 504 | 2,055 | 52 | .. | 107 | 159 | 1,484 | 1,643 |
| 1944 .. .. | 1,369 | 509 | 1,878 | 42 | .. | 148 | 190 | 1,452 | 1,642 |
| 1945 .. .. | 1,509 | 542 | 2,051 | 49 | .. | 119 | 168 | 1,493 | 1,661 |
| 1946 .. .. | 1,850 | 674 | 2,524 | 111 | 282 | 144 | 537 | 1,362 | 1,899 |
| 1947 .. .. | 1,343 | 642 | 1,985 | 228 | 201 | 72 | 501 | 1,127 | 1,628 |

*N.B.*—As noted in the Chamber's Report for 1913, the figures shown above represent the volume of trade in cotton from 1st September to 31st August instead of for the year ending 30th June as was previously the case.

* Year ending 30th June.

## RAINFALL AT BOMBAY, 1843 TO 1947.

The following statement showing the Rainfall recorded at the Colaba Observatory, Bombay, for each month during the years 1843-1947, is published for the information of members :—

| Year. | January. | February. | March. | April. | May. | June. | July. | August. | September. | October. | November. | December. | Annual Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1843 .. | .. | .. | .. | .. | 0.15 | 7.61 | 20.62 | 17.70 | 8.39 | 0.77 | .. | .. | 55.24 |
| 1844 .. | 0.06 | 0.33 | .. | .. | .. | 18.68 | 29.28 | 5.91 | 8.05 | 0.40 | .. | 0.10 | 62.71 |
| 1845 .. | .. | .. | .. | .. | .. | 17.88 | 18.07 | 9.54 | 8.63 | .. | .. | .. | 54.12 |
| 1846 .. | .. | .. | .. | .. | .. | 26.41 | 33.19 | 6.65 | 6.65 | 1.03 | .. | .. | 73.93 |
| 1847 .. | 0.09 | 0.02 | .. | 0.31 | 1.40 | 37.56 | 16.46 | 8.68 | 5.68 | 0.28 | 5.53 | .. | 76.01 |
| 1848 .. | .. | .. | .. | 0.59 | 5.67 | 39.98 | 13.90 | 7.37 | 2.32 | 5.84 | 0.19 | .. | 75.86 |
| 1849 .. | 0.34 | .. | .. | .. | .. | 23.41 | 50.99 | 12.66 | 26.13 | 0.75 | 0.61 | .. | 114.89 |
| 1850 .. | .. | .. | .. | .. | .. | 14.80 | 20.15 | 5.39 | 4.77 | 4.89 | 0.25 | .. | 50.25 |
| 1851 .. | .. | .. | .. | .. | 0.52 | 24.50 | 47.02 | 20.03 | 3.89 | 0.04 | 0.07 | .. | 96.07 |
| 1852 .. | .. | .. | 0.01 | .. | 0.30 | 21.76 | 22.17 | 11.16 | 12.67 | 0.19 | .. | 1.01 | 69.27 |
| 1853 .. | .. | 0.05 | 0.02 | .. | .. | 33.70 | 13.05 | 5.95 | 9.83 | .. | .. | .. | 62.60 |
| 1854 .. | .. | .. | .. | .. | .. | 16.34 | 38.95 | 3.90 | 13.61 | 7.49 | 1.85 | .. | 82.14 |
| 1855 .. | .. | .. | .. | .. | .. | 29.18 | 11.83 | 3.82 | 5.29 | 9.06 | .. | .. | 50.18 |
| 1856 .. | .. | .. | .. | .. | 2.09 | 24.66 | 24.48 | 6.73 | 7.78 | 0.06 | .. | 0.12 | 65.92 |
| 1857 .. | .. | .. | .. | .. | 0.57 | 9.26 | 8.74 | 15.71 | 14.21 | 2.78 | .. | .. | 51.27 |
| 1858 .. | .. | .. | .. | 0.16 | 1.57 | 14.44 | 20.12 | 7.48 | 15.47 | 3.22 | .. | .. | 62.45 |
| 1859 .. | .. | .. | .. | .. | .. | 26.87 | 28.70 | 14.59 | 5.94 | 1.06 | .. | .. | 77.16 |
| 1860 .. | .. | .. | .. | .. | 0.03 | 21.97 | 22.39 | 7.11 | 8.15 | 2.50 | .. | .. | 62.15 |
| 1861 .. | .. | .. | .. | .. | 0.69 | 15.48 | 25.34 | 30.85 | 3.24 | 1.86 | .. | .. | 76.91 |
| 1862 .. | .. | .. | .. | .. | 0.01 | 22.31 | 15.10 | 12.65 | 21.69 | 1.42 | 0.45 | .. | 73.63 |
| 1863 .. | 0.41 | .. | .. | 0.11 | 0.07 | 23.41 | 30.78 | 10.60 | 9.98 | 2.32 | .. | .. | 77.68 |
| 1864 .. | .. | .. | .. | .. | 0.01 | 15.42 | 13.36 | 10.72 | 5.59 | .. | 0.47 | .. | 45.57 |
| 1865 .. | 0.38 | .. | .. | .. | .. | 10.61 | 18.28 | 36.42 | 4.86 | 6.16 | 1.14 | .. | 77.85 |
| 1866 .. | .. | 0.11 | .. | .. | .. | 13.47 | 40.34 | 20.24 | 3.44 | 0.74 | .. | .. | 78.44 |
| 1867 .. | .. | .. | .. | .. | .. | 8.70 | 39.99 | 12.21 | 6.80 | 5.07 | 0.13 | .. | 72.30 |
| 1868 .. | .. | .. | 0.01 | .. | .. | 13.52 | 20.43 | 20.29 | 7.71 | 0.14 | 0.02 | .. | 62.12 |
| 1869 .. | .. | .. | .. | .. | 0.03 | 26.22 | 23.89 | 15.24 | 22.56 | 3.55 | 0.05 | 0.12 | 91.66 |
| 1870 .. | .. | .. | 0.03 | 0.02 | .. | 21.73 | 26.43 | 6.27 | 7.08 | 4.65 | .. | .. | 66.21 |
| 1871 .. | 2.22 | .. | .. | .. | 1.25 | 8.91 | 9.96 | 8.95 | 6.01 | 0.25 | 2.97 | 0.06 | 40.58 |
| 1872 .. | .. | .. | .. | .. | 0.06 | 24.43 | 24.84 | 9.49 | 16.59 | 1.07 | .. | .. | 76.48 |
| 1873 .. | .. | 0.06 | .. | .. | 0.61 | 20.36 | 16.98 | 23.96 | 7.77 | 0.07 | .. | .. | 69.70 |
| 1874 .. | .. | .. | .. | .. | 0.05 | 18.68 | 41.24 | 11.14 | 11.05 | 0.02 | .. | .. | 82.18 |
| 1875 .. | 0.47 | .. | .. | .. | .. | 24.36 | 15.39 | 12.23 | 31.76 | .. | 0.35 | .. | 84.56 |
| 1876 .. | .. | .. | .. | .. | 0.01 | 12.97 | 23.69 | 8.66 | 4.68 | .. | .. | .. | 50.01 |
| 1877 .. | 0.22 | 0.52 | .. | .. | .. | 35.58 | 11.10 | 8.51 | 8.89 | 8.33 | .. | .. | 73.15 |
| 1878 .. | 0.03 | .. | .. | 0.02 | 0.02 | 19.99 | 48.33 | 20.46 | 16.42 | 4.89 | 2.61 | .. | 112.77 |
| 1879 .. | .. | .. | 0.03 | .. | 5.23 | 16.56 | 11.21 | 22.36 | 5.61 | 0.40 | .. | .. | 61.40 |
| 1880 .. | .. | 0.01 | 0.02 | .. | .. | 21.48 | 18.37 | 4.08 | 22.80 | 1.18 | .. | .. | 67.94 |
| 1881 .. | .. | .. | 0.04 | .. | 0.36 | 15.29 | 29.47 | 19.06 | 4.56 | 4.17 | 0.09 | .. | 73.04 |
| 1882 .. | .. | 0.04 | 0.02 | 0.08 | 0.02 | 27.54 | 26.94 | 8.86 | 10.08 | 1.12 | 0.03 | .. | 69.23 |
| 1883 .. | 0.12 | .. | .. | .. | 0.33 | 13.65 | 39.88 | 12.57 | 12.37 | 10.40 | 0.86 | .. | 90.18 |
| 1884 .. | 0.03 | .. | .. | .. | .. | 13.25 | 25.87 | 15.29 | 17.04 | 2.22 | 0.60 | 1.14 | 75.44 |
| 1885 .. | .. | .. | .. | .. | 0.02 | 5.11 | 21.81 | 25.42 | 12.01 | 3.54 | .. | .. | 67.91 |
| 1886 .. | .. | .. | .. | 0.01 | 0.96 | 43.45 | 35.79 | 10.69 | 6.54 | 1.69 | 0.61 | .. | 99.74 |
| 1887 .. | .. | .. | .. | 0.02 | 0.09 | 24.07 | 30.98 | 17.59 | 18.23 | 2.79 | 1.02 | 0.16 | 94.95 |
| 1888 .. | 1.86 | 0.02 | 0.10 | .. | .. | 15.76 | 22.47 | 11.43 | 4.02 | 0.11 | 1.16 | .. | 57.82 |
| 1889 .. | .. | .. | .. | .. | 0.67 | 19.89 | 30.45 | 10.32 | 2.71 | 3.80 | .. | .. | 67.84 |
| 1890 .. | .. | .. | .. | 0.01 | 0.06 | 24.56 | 21.54 | 10.61 | 6.45 | 0.58 | 1.25 | 1.13 | 66.18 |
| 1891 .. | .. | .. | 0.22 | .. | .. | 13.99 | 32.48 | 6.94 | 22.53 | 1.04 | .. | .. | 77.20 |
| 1892 .. | .. | .. | .. | .. | 0.11 | 13.30 | 23.86 | 36.56 | 18.73 | 1.89 | 0.67 | .. | 95.12 |
| 1893 .. | .. | 0.14 | .. | 0.02 | 6.30 | 21.47 | 16.14 | 13.55 | 7.54 | 0.45 | 1.63 | .. | 67.24 |
| 1894 .. | 0.22 | .. | 0.06 | 0.01 | .. | 16.87 | 26.16 | 8.40 | 12.04 | 3.08 | .. | 0.01 | 66.85 |
| 1895 .. | .. | 0.07 | .. | .. | 0.08 | 17.84 | 18.04 | 15.97 | 11.91 | 3.62 | 0.06 | .. | 67.59 |
| 1896 .. | .. | .. | .. | .. | 0.26 | 28.02 | 36.44 | 20.77 | 1.62 | 0.01 | 0.53 | .. | 87.65 |
| 1897 .. | 0.01 | .. | .. | .. | .. | 14.40 | 30.19 | 13.82 | 20.60 | 2.51 | 0.22 | .. | 81.75 |
| 1898 .. | .. | 0.17 | .. | .. | 0.16 | 27.21 | 20.72 | 5.28 | 19.94 | 0.48 | 0.13 | .. | 74.09 |
| 1899 .. | .. | .. | .. | 1.57 | 0.08 | 20.81 | 4.72 | 5.23 | 3.49 | .. | .. | .. | 35.90 |
| 1900 .. | .. | .. | .. | .. | .. | 18.26 | 25.75 | 17.62 | 7.49 | .. | .. | .. | 69.12 |
| 1901 .. | 0.74 | .. | .. | 0.04 | 0.01 | 25.36 | 32.70 | 14.27 | 1.81 | 0.39 | .. | .. | 75.32 |

| Year. | January. | February. | March. | April. | May. | June. | July. | August. | September. | October. | November. | December. | Annual Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1902 | .. | .. | .. | .. | .. | 9.77 | 16.96 | 16.53 | 27.11 | 0.78 | 0.01 | 0.81 | 71.97 |
| 1903 | .. | .. | .. | 0.17 | .. | 7.79 | 19.76 | 24.82 | 18.23 | 7.82 | 5.91 | .. | .. | 84.49 |
| 1904 | .. | .. | .. | 0.07 | .. | 0.02 | 15.10 | 10.14 | 5.72 | 1.81 | 0.56 | .. | .. | 33.42 |
| 1905 | .. | .. | 0.08 | .. | .. | .. | 6.53 | 15.30 | 4.35 | 6.16 | 0.20 | 1.04 | .. | 33.56 |
| 1906 | .. | .. | 0.15 | .. | .. | .. | 12.91 | 18.34 | 20.92 | 3.98 | .. | .. | .. | 56.30 |
| 1907 | .. | .. | 0.27 | .. | 0.00 | .. | 22.48 | 59.05 | 15.99 | 2.26 | 0.87 | .. | .. | 100.73 |
| 1908 | .. | 0.09 | 0.07 | 0.06 | .. | .. | 12.39 | 23.65 | 9.87 | 6.79 | 0.62 | .. | .. | 53.54 |
| 1909 | .. | .. | .. | .. | .. | .. | 16.60 | 30.05 | 8.52 | 16.05 | .. | .. | .. | 71.22 |
| 1910 | .. | .. | .. | .. | .. | 0.03 | 23.50 | 6.50 | 18.15 | 15.25 | 4.29 | 0.14 | .. | 67.86 |
| 1911 | .. | 0.06 | .. | .. | .. | 0.04 | 10.85 | 15.24 | 17.09 | 2.96 | .. | 0.27 | .. | 46.51 |
| 1912 | .. | .. | .. | .. | .. | 0.43 | 10.79 | 25.40 | 9.90 | 3.26 | 0.65 | 3.62 | .. | 54.05 |
| 1913 | .. | .. | 0.07 | .. | .. | .. | 25.81 | 33.33 | 3.72 | 5.75 | 2.35 | .. | .. | 71.03 |
| 1914 | .. | .. | 0.08 | .. | 0.07 | .. | 16.65 | 30.13 | 13.27 | 21.06 | 0.01 | 0.18 | .. | 81.45 |
| 1915 | .. | .. | 0.30 | 0.69 | 0.06 | 0.38 | 39.78 | 14.62 | 8.45 | 10.78 | 2.55 | 0.02 | .. | 77.61 |
| 1916 | .. | .. | .. | .. | 0.04 | 0.07 | 23.43 | 22.78 | 19.51 | 14.59 | 4.79 | 0.72 | .. | 85.93 |
| 1917 | .. | .. | 1.68 | .. | .. | 0.88 | 14.96 | 13.26 | 32.18 | 16.92 | 19.96 | .. | .. | 99.84 |
| 1918 | .. | .. | .. | 1.46 | .. | 11.00 | 10.82 | 4.25 | 4.81 | 3.11 | .. | 0.09 | .. | 35.54 |
| 1919 | .. | 0.11 | .. | .. | .. | .. | 16.31 | 31.30 | 10.85 | 8.03 | 1.54 | 0.18 | .. | 68.32 |
| 1920 | .. | 0.99 | 0.33 | .. | .. | .. | 8.16 | 22.00 | 5.18 | 4.05 | 0.34 | .. | .. | 41.05 |
| 1921 | .. | .. | .. | .. | .. | .. | 26.74 | 35.68 | 10.36 | 13.02 | 0.22 | .. | .. | 86.02 |
| 1922 | .. | .. | .. | .. | .. | .. | 26.48 | 31.15 | 5.08 | 6.95 | 0.61 | .. | 0.14 | 70.41 |
| 1923 | .. | .. | 0.05 | .. | 0.02 | .. | 7.19 | 43.26 | 8.72 | 18.32 | .. | .. | .. | 77.56 |
| 1924 | .. | .. | .. | .. | .. | .. | 7.46 | 16.73 | 15.43 | 12.13 | 0.06 | 0.38 | .. | 52.19 |
| 1925 | .. | .. | .. | .. | .. | 2.76 | 27.86 | 8.38 | 7.71 | 3.52 | 0.22 | 0.37 | .. | 50.82 |
| 1926 | .. | 2.99 | .. | .. | .. | 0.10 | 6.19 | 30.88 | 22.21 | 8.98 | 1.29 | .. | .. | 72.64 |
| 1927 | .. | .. | 0.04 | 0.03 | .. | .. | 32.52 | 16.85 | 6.74 | 5.33 | 7.30 | 5.48 | 0.09 | 74.38 |
| 1928 | .. | .. | 0.01 | .. | .. | .. | 27.71 | 30.93 | 16.65 | 9.91 | 0.43 | 0.09 | .. | 85.72 |
| 1929 | .. | 0.63 | .. | 0.02 | 0.04 | .. | 25.45 | 16.08 | 6.06 | 5.58 | 4.82 | 0.22 | 0.86 | 59.70 |
| 1930 | .. | .. | .. | .. | .. | 0.02 | 26.71 | 10.26 | 6.64 | 43.85 | 2.50 | .. | .. | 89.98 |
| 1931 | .. | .. | .. | .. | 0.01 | .. | 6.08 | 47.50 | 23.71 | 4.48 | 13.07 | 2.40 | 0.69 | 97.94 |
| 1932 | .. | .. | .. | .. | .. | .. | 10.62 | 35.30 | 6.96 | 11.13 | 9.01 | 0.01 | .. | 73.03 |
| 1933 | .. | .. | .. | .. | .. | 2.85 | 10.29 | 14.13 | 18.81 | 12.31 | 3.04 | 0.01 | 0.93 | 62.37 |
| 1934 | .. | .. | .. | .. | .. | .. | 28.51 | 21.40 | 14.00 | 5.90 | 0.20 | 3.80 | .. | 73.81 |
| 1935 | .. | .. | .. | .. | .. | .. | 27.69 | 24.10 | 16.69 | 11.90 | 1.04 | 0.18 | .. | 81.60 |
| 1936 | .. | .. | .. | .. | .. | 0.33 | 32.63 | 8.09 | 9.27 | 5.72 | 0.01 | 2.31 | .. | 58.36 |
| 1937 | .. | .. | 0.50 | .. | 0.10 | .. | 18.22 | 30.40 | 5.40 | 14.20 | 1.70 | .. | .. | 70.62 |
| 1938 | .. | .. | .. | .. | .. | 1.29 | 31.30 | 16.00 | 16.77 | 10.35 | 15.17 | 1.13 | .. | 92.01 |
| 1939 | .. | .. | .. | .. | .. | .. | 4.67 | 33.07 | 10.88 | 5.39 | 0.17 | .. | .. | 54.18 |
| 1940 | .. | .. | .. | .. | .. | .. | 29.98 | 21.03 | 28.27 | 11.26 | 4.89 | 0.76 | .. | 96.19 |
| 1941 | .. | .. | .. | .. | .. | .. | 12.20 | 9.96 | 5.93 | 6.03 | 1.62 | .. | .. | 35.74 |
| 1942 | .. | .. | .. | .. | .. | .. | 27.39 | 32.36 | 8.23 | 13.45 | .. | .. | 0.39 | 81.72 |
| 1943 | .. | 0.28 | .. | .. | .. | 6.02 | 30.19 | 29.62 | 3.28 | 8.15 | 3.77 | 0.04 | .. | 81.35 |
| 1944 | .. | .. | .. | 0.07 | .. | 0.20 | 9.47 | 45.56 | 16.32 | 1.68 | 0.80 | .. | .. | 74.10 |
| 1945 | .. | 0.82 | .. | .. | .. | .. | 24.86 | 31.67 | 26.10 | 6.16 | 0.70 | 0.37 | .. | 90.38 |
| 1946 | .. | .. | .. | .. | .. | 0.23 | 21.61 | 16.29 | 15.23 | 17.90 | 0.81 | 6.46 | 0.61 | 79.14 |
| 1947 | .. | .. | .. | .. | 6.62 | .. | 8.61 | 22.03 | 20.56 | 25.45 | 2.92 | .. | .. | 77.09 |

## WORKING CLASS COST OF LIVING INDEX NUMBERS IN BOMBAY.

For purpose of record there is set out below a table giving the working class cost of living index numbers in Bombay for the years 1939 to 1947.

*Average Prices from July* 1933 *to July* 1934=100.

| *Months* | 1939 | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 |
|---|---|---|---|---|---|---|---|---|---|
| January .. | 105 | 114 | 117 | 137 | 203 | 238 | 229 | 242 | 267 |
| February .. | 104 | 112 | 119 | 135 | 205 | 230 | 229 | 243 | 263 |
| March .. | 103 | 110 | 119 | 137 | 208 | 226 | 225 | 247 | 269 |
| April .. | 103 | 110 | 121 | 138 | 225 | 231 | 226 | 248 | 270 |
| May .. | 103 | 111 | 122 | 142 | 227 | 235 | 230 | 249 | 271 |
| June .. | 104 | 111 | 122 | 152 | 235 | 236 | 235 | 259 | 278 |
| July .. | 105 | 113 | 126 | 168 | 236 | 241 | 240 | 268 | 274 |
| August .. | 105 | 114 | 131 | 168 | 238 | 250 | 243 | 267 | 284 |
| September | 106 | 112 | 129 | 170 | 245 | 239 | 240 | 270 | 299 |
| October .. | 108 | 113 | 125 | 172 | 248 | 239 | 242 | 264 | 296 |
| November.. | 109 | 113 | 126 | 178 | 248 | 242 | 242 | 272 | 287 |
| December | 113 | 115 | 129 | 188 | 247 | 236 | 242 | 279 | 285 |

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| 250 0 0 | 25 0 0 | 3 2 0 | 6 0 0 | 0 8 0 |
| 40 0 0 | 4 0 0 | 1 8 0 | 3 0 0 | 0 4 0 |
| 40 0 0 | .. | 5 0 0 | 1 0 0 | .. |
| 40 0 0 | .. | 5 0 0 | 1 0 0 | .. |
| 80 0 0 | .. | 7 8 0 | 1 0 0 | .. |
| 37 8 0 | .. | 3 2 0 | 1 0 0 | .. |
| .. | .. | .. | .. | .. |
| 30 0 0 | .. | 2 8 0 | 1 0 0 | .. |
| .. | .. | .. | .. | .. |
| .. | .. | 5 0 0 | .. | .. |
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